TAX HEAVEN
A SIMULATION GAME

AIM: For participants to see the social and economic impacts of multinational tax dodging on developing countries, and to see the artificial and unethical nature of the mechanisms by which multinational corporations avoid paying tax.

SUMMARY: Participants are divided into two groups: developing countries and multinational corporations.

The aim of multinational corporations is to achieve the highest possible profit by the end of the game. This may be achieved by establishing operations in one or more developing country, negotiating deals with developing countries to reduce their tax obligations, and by establishing subsidiaries in a number of locations in order to artificially move profits to low-tax locations.

The aim of developing countries is to earn enough tax revenue to reduce poverty in their country.

DURATION: 60 – 90 minutes

EQUIPMENT:

- Butchers paper to display scores for developing countries & multinationals
- Pens or pencils for each group
- Butchers paper / laminated paper / small white boards for developing country teams to prominently display (and possibly change) their tax rates
- 2nd-hand ties (available from an op shop) for multinational corporation team members to wear
- Envelopes marked with the name and/or logo of each multinational corporation (at least 6 envelopes per multinational)
- Monopoly money or similar
- Print outs or posters representing the names of developing countries and tax haven countries
- Tax schemes printed on light cardboard
- Whistle or similar to indicate action phases

PARTICIPANTS: 20–100 participants

- The game requires one facilitator.
- A small group of facilitators will be needed to be “tax advisors” (roughly one group of 2 tax advisors per 25 participants).
- It is also advisable to have one assistant facilitator per 25 participants to ensure that participants understand what they are meant to do.

SET UP:

- Divide the room into 4 “regions” by marking lines on the floor in tape or chalk. These regions should be labelled:
  - » Asia/Pacific
  - » Latin America & Caribbean
  - » Africa
  - » Europe
- Country name posters for developing countries are located in the region where they belong (these will be held by developing country teams).
- Country name posters for tax havens are located in the region where they belong and these are placed or taped on the floor.
- Divide participants into:
  - » At least two groups of 2–3 (to be developing country governments).
  - » At least five groups of 3–6 (to be multinationals). Preferably there should be two or three times as many multinational groups as there are developing countries.
- Give company name labels and country name labels to the groups. These should be displayed prominently in front of the group.

INTRODUCTION – READ TO PLAYERS

1. This game simulates something of what happens between multinational corporations and developing countries. Multinational companies are companies who have operations and subsidiaries in more than one country. The aim of developing countries is to attract business which will create employment and contribute tax revenue to their budgets. The aim of multinational corporations is to maximise their profits. This may involve setting up structures and transactions to reduce their tax obligations. Sometimes these ways are legal, sometimes they push the boundaries of legality or aggressively exploit loopholes in national and international tax systems.
2. Real(ish) country names have been used to highlight that these activities genuinely do take place here and now, but none of the particular activities simulated are necessarily to be attributed to particular countries or companies. The game is, of necessity, a simplification of what can be very complicated activities and relationships in international business and tax regimes around the world. However, its aim is to highlight some of the key dynamics that lead to multinationals being able to structure their organisations and trades in ways designed to minimise the amount of tax they pay in many countries around the world.
3. The aim of multinational corporations is to maximise the amount of profit they are able to keep within the multinational group or structure. Multinationals can increase profit either by:
   a. Setting up a subsidiary to do business in one or more developing countries where they generate sales or exports that contribute to profits, or
   b. By arranging their structure and transactions in such a way as to reduce the taxes owed on profits in one or more developing countries.
4. The aim of developing country governments is to set budget priorities in such a way as to reduce poverty. From domestic income and corporate taxes, developing countries earn $120 million per year. This is secure revenue.
5. Each developing country's poverty rate starts at 30% – which means that 30% of the population live below the absolute poverty line – and may suffer hunger, ill-health, discrimination because of poverty. To keep the poverty rate steady at 30%, the country must have a budget of at least $150 million. For every $10 million more than $150 million a country receives in a given year, the poverty rate is reduced by 1%. For every $10 million less than $150 million a country receives in a given year, the poverty rate increases by 1%.
6. Each developing country's corporate tax rate starts at 30% – which means that 30% of the income of any multinationals operating in the country is paid to the government as tax at the end of the year. Governments may leave this rate steady or move it up or down in 5% increments per year.
7. The game is divided into years and phases. The phases are:
   » Planning phase (one whistle): Governments may consult among themselves or move around the room to speak with other governments and multinationals may consult among themselves or move around the room to speak with other multinationals. Multinationals may not speak with governments (or vice versa) during this phase.
   » Action phase (two whistles): Each year, groups will be informed what their actions could be.
   » Tax time (three whistles): Multinationals move money around their corporate structure and pay tax to developing countries where they have operations. Whatever is left is calculated as profit. Developing countries work out what their budget is and calculate whether the poverty rate has increased, decreased or remained the same.

PLAY

The entire outline for game play is outlined below. Announcements about new options should be made at the start of each year. These are then implemented during the action phase and will have an impact on how much tax is paid during tax time.

New options are gradually added into the game, bringing new complexity. After year 7 (if the game is played for that long) there are no new options and all options are available in each year.

An organiser may decide not to add particular elements to the game to reduce complexity. We recommend leaving out options from the later years, as these are the ones that add the most complexity.

YEAR 1

ANNOUNCEMENTS

Governments can choose to keep their tax rate at 30% or to increase it or reduce it by 5%. Whatever tax rate is chosen should be displayed prominently by each country.

Corporations can set up their first operation in a developing country. All developing countries are options for your first operation. To set up an operation, you must send on person from your corporation to stand next to the developing country of your choice. One person must always remain in your headquarters.

The first operation is free. Future operations will cost $140 million to establish. Operations can be closed at any time during the action phase simply by returning the person to the multinational headquarters.

For the purposes of the game, the multinational headquarters are not located in a particular country and is merely the location where the group may meet to discuss their strategies.

PLANNING

Allow 2 minutes for planning and discussion.

ACTION

During the action phase, governments display their chosen tax rates and multinationals choose one developing country to set up their operations.

If corporations start a new operation, they send one person from their group to represent the operation in that developing country.

TAX TIME

Each multinational operation in a developing country receives $100 million. This should be paid to them by assistant organisers.

Each multinational then pays the appropriate amount in tax to the developing country government.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country's poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

YEAR 2

ANNOUNCEMENTS

New options are available. For multinationals: lobbying. For governments: tax holidays.

Members of multinational corporations can meet with developing country governments to lobby them for either a “tax holiday” or a reduction in the corporate tax rate. Governments do not have to meet with corporations if they choose not to.

At the end of the planning phase, governments will be deciding whether to change their tax rate (it can go up or down by 5%) and whether or not to offer a tax holiday.

If a government chooses to offer a tax holiday is offered, any eligible corporation who sets up a new operation in that country will not have to pay any tax in the first year of operations, but will have to pay the applicable tax rate in later years.

Any government that chooses to offer a tax holiday, should display the tax holiday sign prominently. Tax holidays may be adopted or abolished in future years.

Lobbying discussions between multinationals and developing countries may lead to tax rate changes or tax holidays, but these changes will be implemented in the following year after the planning

DURING PLANNING PHASE

Allow 3 minutes for planning and discussion.

DURING ACTION PHASE

During the action phase, governments display their tax rates and a tax holiday sign if they have granted a tax holiday.

If corporations start a new operation, they send one person from their group to represent the operation in that developing country.

DURING TAX TIME PHASE

Each multinational operation in a developing country receives $100 million.
Each multinational then pays the appropriate amount in tax to the developing country.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country’s poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

YEAR 3

ANNOUNCEMENTS

A new option is available: tax advice.

International tax advisers are able to offer advice to help multinationals structure their organisations and their trade to best manage their tax affairs. High quality, professional advice will cost $15 million for one piece of advice, and $20 million for two pieces of advice.

Each piece of advice represents one tax scheme which you can put into place. To activate a scheme, you need to have a subsidiary in a tax haven. To set up a subsidiary in a tax haven will cost you $5 million (paid to organisers) and then payments can travel through the scheme. You may choose not to activate a scheme either because you don't want to or because you don't fulfil the criteria for the scheme at present. You may keep the advice and activate it at a later date.

All tax schemes activated by a multinational can be implemented by all the developing country operations of that multinational as long as that operation can fulfil the criteria for the scheme.

Payments to subsidiaries in tax havens do not require a multinational to have a person physically stationed there. Instead, multinationals place an envelope on the country into which they are able to place any money that is transferred to that tax haven.

Money can remain in the tax haven indefinitely. All money in developing countries and in tax havens counts towards the multinational's total profits.

If a multinational has $140 million available, they may pay this to an organiser, and establish a new operation in any developing country (in which they don't already have an operation).

DURING PLANNING PHASE

Allow 3 minutes for planning and discussion. If corporations start a new operation, they send one person from their group to represent the operation in that developing country.

DURING ACTION PHASE

During the action phase, governments display their tax rates and a tax holiday sign if they will grant a tax holiday that will be relevant for future years.

If a multinational has $140 million available, they may choose one developing country (in which they don't already have an operation) in which to set up a new operation.

Multinationals may visit the tax advisers and begin setting up tax schemes. If they establish a tax scheme, they must pay $5 million to assistant organisers and then may place one of their company's envelopes on the relevant tax haven sign. After this, they can move money into and out of the envelope according to the instructions on the scheme.

DURING TAX TIME PHASE

Each multinational operation in a developing country receives $100 million. They may move some of this money into tax haven envelopes according to the instructions on their scheme cards. Whatever is left in the developing country operations is profit and the multinational then pays the appropriate amount in tax on this profit only to the developing country.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country's poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

YEAR 4

ANNOUNCEMENTS

New options are available. For governments: royalties, export levy or consumption tax.
For multinationals: relocation.

Governments may choose to impose royalties, an export levy or a consumption tax. Royalties apply to any extractive company, an export levy applies to any agricultural export company and the consumption tax applies to any snack or beverage company. If either of these taxes are applied, any companies in that category with an operation in the country must pay $10 million at tax time to the developing country government. This payment must take place before any tax schemes are applied and before profits are calculated and corporate tax paid.

If a government chooses to impose any or all of these taxes, they should display these signs prominently in front of them. These taxes are paid even if there is a tax holiday, which only applies to corporate income tax.

Multinationals may choose to relocate any of their operations from one developing country to another in the same region. As with new operations, these relocated operations can only be established in a country in which the company does not already have an operation. Relocating an operation within the same region costs $50 million which should be paid to assistant organisers during the action phase.

DURING PLANNING PHASE

Allow 3 minutes for planning and discussion.

DURING ACTION PHASE

During the action phase, governments display their tax rates and a tax holiday sign if they have granted a tax holiday.

If a multinational has $140 million available, they may choose one developing country (in which they don't already have an operation) in which to set up a new operation. They can also relocate an operation to a new developing country in the same region for $50 million.

Multinationals may visit the tax advisers and continue setting up tax schemes. If they establish a tax scheme, they must pay $5 million to assistant organisers and then may place one of their company's envelopes on the relevant tax haven sign. After this, they can move money into and out of the envelope according to the instructions on the scheme.

Governments may impose royalties, export levies or consumption taxes which apply to different kinds of companies.

DURING TAX TIME PHASE

Each multinational operation in a developing country receives $100 million. If a multinational must pay $10 million for royalties or export levies, this should be given to the developing country immediately.

Multinationals may move some of this money into tax haven envelopes according to the instructions on their scheme cards. Whatever is left in the developing country operations is profit and the multinational then pays the appropriate amount in tax on this profit only to the developing country.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country's poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

YEAR 5

ANNOUNCEMENTS

New options are available. For governments: audits. For multinationals: corporate social responsibility.

Governments may choose to audit one multinational company which operates in their country. This costs $15 million. This company must show the government all of its currently active tax schemes. “Grey” schemes are potentially illegal but must be challenged in court to prove this. Black schemes are, on the face of it, clearly against the law, though this must still be proven in a court.

If a government discovers an active tax scheme (either grey or black) it has two options:

a. Investigate and challenge the scheme in court – after the court case is completed this may result in a return of lost tax revenue and the closing down of the scheme
b. Agree to an out-of-court settlement with the multinational company. If this settlement is agreed, the company must put the scheme aside (returning the scheme card to the tax advisors) and must pay whatever amount was agreed in the settlement.

Multinationals may choose to implement a corporate social responsibility program in the developing country. They may make a voluntary payment of any amount to the developing country during the action phase. The developing country government may choose to look more favourably on companies who are showing good CSR.

DURING PLANNING PHASE

Allow 3 minutes for planning and discussion.

DURING ACTION PHASE

During the action phase, governments display their tax rates and tax holiday, royalties, export levies or consumption taxes if relevant.

If a multinational has $140 million available, they may choose one developing country (in which they don’t already have an operation) in which to set up a new operation. They can also relocate an operation to a new developing country in the same region for $50 million.

Multinationals may visit the tax advisers and continue setting up tax schemes. If they establish a tax scheme, they must pay $5 million to assistant organisers and then may place one of their company’s envelopes on the relevant tax haven sign. After this, they can move money into and out of the envelope according to the instructions on the scheme.

Governments may impose royalties or export levies which apply to different kinds of companies.

Multinationals may make CSR payments to developing country governments at this time.

Governments may pay $15 million to audit one multinational in their country and if they discover a scheme, choose either to settle out of court (if the multinational agrees) or to challenge the scheme in court.

Assistant organisers adjudicate any court challenges by rolling six-sided dice. If a court challenge is mounted, first roll one die to determine the length of time (in years) it will take for the investigation and court case to take place.

The multinational may continue operating the scheme for that length of time, without needing to pay any penalty or make up payments for any avoided tax.

YEAR 5 (CONTINUED)

Once the appropriate year is reached, roll a further die to determine the outcome of the court case:

- If the scheme is grey, 1 or 2 means the challenge is successful and the company must pay to the government the value of one year of the avoided tax provided by this scheme. However, the company may choose to continue using the scheme and wishing to challenge it must begin the challenge process again from the start. On a second and subsequent challenge to the same scheme, reduce the amount of time it takes by one year and increase the likelihood of the challenge's success by adding 1 to the second die roll.
- If the scheme is black, 1, 2, 3, or 4 means the challenge is successful and the company must pay to the government twice the value of one year of the avoided tax provided by this scheme. Regardless of the success of the challenge, a black scheme must be rendered inactive by the corporation and the scheme must be returned to the tax advisors.

DURING TAX TIME PHASE

Each multinational operation in a developing country receives $100 million. If a multinational must pay $10 million for royalties, export levies or consumption taxes, this should be given to the developing country immediately.

Multinationals may move some of this money into tax haven envelopes according to the instructions on their scheme cards. Whatever is left in the developing country operations is profit and the multinational then pays the appropriate amount in tax on this profit only to the developing country.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country's poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

YEAR 6

ANNOUNCEMENTS

A new option is available: withholding taxes.

Governments may choose to apply a withholding tax on any payment leaving the country. If withholding tax is applied, 10% of any payment made by a multinational corporation to any tax haven subsidiary in each year must be paid to the developing country government. If a government chooses to impose a withholding tax, the withholding tax sign should be prominently displayed.

DURING PLANNING PHASE

Allow 3 minutes for planning and discussion.

DURING ACTION PHASE

During the action phase, governments display their tax rates and tax holiday, withholding tax, royalties, export levies or consumption taxes if relevant.

If a multinational has $140 million available, they may choose one developing country (in which they don't already have an operation) in which to set up a new operation. They can also relocate an operation to a new developing country in the same region for $50 million.

Multinationals may continue to visit the tax advisers for tax advice ($15 million for one piece of advice and $20 million for two) or to get a double taxation agreement schedule ($5 million). They may also continue setting up tax schemes. If they establish a tax scheme, they must pay $5 million to assistant organisers and then may place one of their company's envelopes on the relevant tax haven sign. After this, they can move money into and out of the envelope according to the instructions on the scheme.

Governments may impose royalties, export levies or consumption taxes which apply to different kinds of companies.

Multinationals may make CSR payments to developing country governments.

Governments may pay $15 million to audit one multinational in their country and if they discover a scheme, choose either to settle out of court (if the multinational agrees) or to challenge the scheme in court. Court challenges are resolved according to the process outlined in year 5.

DURING TAX TIME PHASE

Each multinational operation in a developing country receives $100 million. If a multinational must pay $10 million for royalties, export levies or consumption taxes, this should be given to the developing country immediately.

Multinationals may move some of this money into tax haven envelopes according to the instructions on their scheme cards (and after paying any withholding tax if applicable). Whatever is left in the developing country operations is profit and the multinational then pays the appropriate amount in tax on this profit only to the developing country.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country's poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

YEAR 7

ANNOUNCEMENTS

A new option is available: exploiting double taxation agreements (DTAs).

Multinationals may choose to consult tax advisors for $5 million to receive a schedule of double taxation agreements. Any payments made to a subsidiary in a country with which the developing country has a double taxation agreement is not subject to withholding tax and these payments can be made as usual and without penalty.

If a country needs to establish a subsidiary in a new tax haven to take advantage of a DTA, this may be done as usual by paying $5 million and placing an envelope on the tax haven poster.

DURING PLANNING PHASE

Allow 3 minutes for planning and discussion.

DURING ACTION PHASE

During the action phase, governments display their tax rates and tax holiday, withholding tax, royalties, export levies or consumption taxes if relevant.

If a multinational has $140 million available, they may choose one developing country (in which they don't already have an operation) in which to set up a new operation. They can also relocate an operation to a new developing country in the same region for $50 million.

Multinationals may continue to visit the tax advisers for tax advice ($15 million for one piece of advice and $20 million for two) or to get a double taxation agreement schedule ($5 million). They may also continue setting up tax schemes. If they establish a tax scheme, they must pay $5 million to assistant organisers and then may place one of their company's envelopes on the relevant tax haven sign. After this, they can move money into and out of the envelope according to the instructions on the scheme.

Governments may impose royalties, export levies or consumption taxes which apply to different kinds of companies.

Multinationals may make CSR payments to developing country governments.

Governments may pay $15 million to audit one multinational in their country and if they discover a scheme, choose either to settle out of court (if the multinational agrees) or to challenge the scheme in court. Court challenges are resolved according to the process outlined in year 5.

DURING TAX TIME PHASE

Each multinational operation in a developing country receives $100 million. If a multinational must pay $10 million for royalties, export levies or consumption taxes, this should be given to the developing country immediately.

Multinationals may move some of this money into tax haven envelopes according to the instructions on their scheme cards (and after paying any withholding tax if applicable). Whatever is left in the developing country operations is profit and the multinational then pays the appropriate amount in tax on this profit only to the developing country.

Multinationals and developing countries both fill in their budget sheets, and the wall display score sheet is filled in, showing multinational profits and any changes to the poverty rate.

Once developing countries have calculated any change to their country's poverty rate, assistant organisers should collect the money from them and organise it again into batches of $100 million to be used in paying multinational profits in the next year.

DEBRIEF

It’s important to spend some time allowing people to reflect on their experiences in the simulation, to make connections between the game and the real world behaviour which it simulates, and to consider ways to respond.

The following questions are offered as a guide for discussion.

1. What were your overall impressions or dominant feelings from the game?

2. Which countries performed best in reducing poverty? Why? What strategies did they use?

3. Which companies had the largest profits? Why? What strategies did they use?

4. What was the role of the tax advisors in the game? How did they feel about their own role? How did other groups feel about them?

5. Ask a company or tax advisor to discuss one or more of the tax schemes that were used in the game? What do people think about schemes like this (which do reflect what really happens)?

6. Why is tax and the services it ensures important in developing countries, and in our own country?

7. What are some ways that people could start to tackle these issues?

8. If you are doing this with a church group, you might want to spend some time reflecting on the role of government in protecting the rights of the poor and promoting justice and the common good. Some useful passages are: Psalm 82, Proverbs 31:8-9, Romans 13:1–10)

For further information and ways to respond, check the following sites:

www.shinethelight.com.au

www.micahchallenge.org.au/shine-the-light

www.taxjustice.net

www.tackletaxhavens.com

DOUBLE TAXATION AGREEMENT SCHEDULE

CAMBODIANIA

has double taxation agreements with...

- Irelandia
- Netherlandemburg
- Brutish Virgin Islands
- Bermudia
- Hongapore

VIETLAND

has double taxation agreements with...

- Netherlandemburg
- Switzilandia
- Heyman Islands
- Bermudia
- Hongapore
- Crook Islands

MONGOLISTAN

has double taxation agreements with...

- Jernsay
- Irelandia
- Netherlandemburg
- Bermudia
- Sellschelles
- Crook Islands

BOLIVIANIA

has double taxation agreements with...

- Irelandia
- Jernsay
- Switzilandia
- Brutish Virgin Islands
- Heyman Islands
- Hongapore

PERULAND

has double taxation agreements with...

- Netherlandemburg
- Switzilandia
- Jernsay
- Brutish Virgin Islands
- Heyman Islands
- Crook Islands

GUAYAGUAY

has double taxation agreements with...

- Irelandia
- Switzilandia
- Bermudia
- Hongapore
- Moreandmoritius

ZAMBIANIA

has double taxation agreements with...

- Netherlandemburg
- Irelandia
- Moreandmoritius
- Sellschelles
- Hongapore

KENYASTAN

has double taxation agreements with...

- Switzilandia
- Netherlandemburg
- Bermudia
- Sellschelles
- Hongapore
- Crook Islands

GHANASTAN

has double taxation agreements with...

- Irelandia
- Switzilandia
- Brutish Virgin Islands
- Moreandmoritius
- Hongapore

AFRICA

ASIA AND PACIFIC

LATIN AMERICA AND CARIBBEAN

EUROPE

BIG BEER

SNACK AND BEVERAGE

Big Cola

SNACK AND BEVERAGE

BIG JUICE

SNACK AND BEVERAGE

BIG CHOCOLATE

SNACK AND BEVERAGE

BIG BISCUIT

SNACK AND BEVERAGE

BIG COPPER

MINING AND EXTRACTIVE

BIG GAS

MINING AND EXTRACTIVE

BIG GOLD

MINING AND EXTRACTIVE

BIG TIMBER

MINING AND EXTRACTIVE

BIG COAL

MINING AND EXTRACTIVE

BIG SUGAR

AGRICULTURAL EXPORT

Big Flower

AGRICULTURAL EXPORT

BIG GRAIN

AGRICULTURAL EXPORT

BIG FRUIT

AGRICULTURAL EXPORT

CAMBODIANIA

(developing country: Asia)

VIETLAND
(developing country: Asia)

MONGOLISTAN

(developing country: Asia)

BOLIVIANIA

(developing country: Latin America)

PERULAND
(developing country: Latin America)

GUAYAGUAY
(developing country: Latin America)

ZAMBIANIA

(developing country: Africa)

KENYASTAN

(developing country: Africa)

GHANASTAN
(developing country: Africa)

IRELANDIA

(tax haven: Europe)

JERNSAY

(tax haven: Europe)

SWITZILANDIA
(tax haven: Europe)

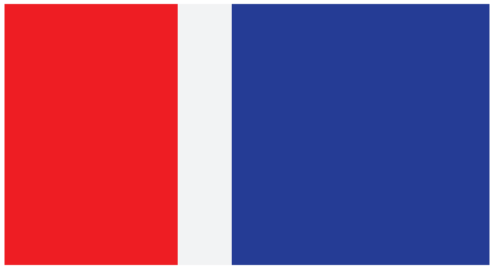
NETHERLANDEMBURG

(tax haven: Europe)

BRUTISH VIRGIN ISLANDS
(tax haven: Latin America & Caribbean)

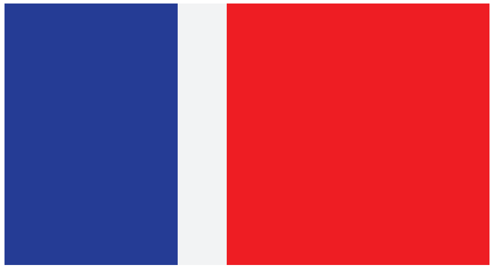
HEYMAN ISLANDS

(tax haven: Latin America & Caribbean)



BERMUDIA

(tax haven: Latin America & Caribbean)



MOREANDMORITIUS

(tax haven: Africa)

SELLSCHELLES

(tax haven: Africa)

HONGAPORE

(tax haven: Asia)

CROOK ISLANDS

(tax haven: Asia)

ROYALTIES

EXPORT LEVY

CONSUMPTION TAX

TAX SCHEME – GREY

Reclassify export as a lower grade of product

Effect: Move up to 20% of your pre-tax profits to a subsidiary in the same region as the export operation.

Requires: a subsidiary in the same region as the export operation

Available to: agriculture and extractives

TAX SCHEME – GREY

Pay management services fees to a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Asia or Europe.

Requires: a subsidiary in Asia or Europe

Available to: all companies

TAX SCHEME – GREY

Pay royalties for use of corporate branding and logos to a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Europe.

Requires: a subsidiary in Europe

Available to: all companies

TAX SCHEME – GREY

Pay license fee for use of IP & technology to a subsidary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Irelandia, Netherlandemburg or Switizilandia.

Requires: a subsidiary in Irelandia, Netherlandemworth or Switzilandia.

Available to: all companies

TAX SCHEME – GREY

Pay fees for procurement and logistics services to a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in the same region as the operation operation.

Requires: a subsidiary in the same region as the operation.

Available to: all companies

TAX SCHEME – GREY

Pay royalties for use of corporate branding and logos to a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Europe.

Requires: a subsidiary in Europe

Available to: all companies

TAX SCHEME – GREY

Lease equipment from a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Europe.

Requires: a subsidiary in Europe

Available to: all companies

TAX SCHEME – GREY

Repay an above market-rate loan to a subsidiary

Effect: Receive up to $40 million from a subsidiary in any tax haven. Return up to double the amount borrowed immediately to that tax haven. This loan repayment is subtracted from pre-tax profit.

Requires: a cashed-up subsidiary

Available to: all companies

TAX SCHEME – GREY

Pay export service charges to a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary.

Requires: a subsidiary in any location

Available to: all agriculture and extractives

TAX SCHEME – GREY

Research & Development

Effect: Move up to 20% of your pre-tax profits to a subsidiary.

Requires: a subsidiary in any location

Available to: snack & beverages

TAX SCHEME – BLACK

Overstate production costs

Effect: Move up to 40% of your pre-tax profits immediately off your account sheet and into the reserves of the operation. This money is kept by the developing country operation & does not count towards taxable income

Requires: an operation

Available to: all companies

TAX SCHEME – GREY

Pay royalties for use of corporate branding and logos to a subsidiary

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Europe

Requires: a subsidiary in Europe

Available to: all companies

TAX SCHEME – GREY

Make payments to a farming cooperative

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Netherlandemburg. This does not count as paying a dividend and so cannot be taxed

Requires: a subsidiary in Netherlandemburg

Available to: agriculture

TAX SCHEME – GREY

Purchase insurance from a “captive insurer”

Effect: Move up to 20% of your pre-tax profits to an insurance company owned by a subsidiary.

Requires: a subsidiary in any lcoation

Available to: all companies

TAX SCHEME – GREY

Lease equipment from another part of the company

Effect: Move up to 20% of your pre-tax profits to a subsidiary in Europe or Asia.

Requires: a subsidiary in Europe or Asia

Available to: all companies

TAX SCHEME – BLACK

Purposely misclassify the grade of your exports

Effect: Move up to 40% of your pre-tax profits to a subsidiary in the same region as the export operation.

Requires: a subsidiary in the same region as the export operation

Available to: agriculture and extractives

TAX SCHEME – BLACK

Invoice fictitious import of goods and services

Effect: Move up to 40% of your pre-tax profits to a subsidiary.

Requires: a subsidiary in any location

Available to: all companies

TAX SCHEME – BLACK

Falsely invoice transactions

Effect: For any grey scheme payment (licenses, royalties, fees or charges) double the amount being moved to a subsidiary.

Requires: a subsidiary in any location

Available to: all companies

MULTINATIONAL OPERATING ACCOUNTS

Corporation Name: ____ Country: _________________________

Year	1	2	3	4	5
A) Pre-tax profits	$100 million	$100 million	$100 million	$100 million	$100 million
B) Other taxes or CSR contribution	$0 million	Amount:	Amount:	Amount:	Amount:
C) Tax haven payments (can be made from multiple developing country operations if the scheme allows)	Not an option in Year 1	Tax haven: ___________ Amount: ___________	Tax haven: ___________ Amount: ___________ Tax haven: ___________ Amount: ___________	Tax haven: ___________ Amount: ___________ Tax haven: ___________ Amount: ___________ Tax haven: ___________ Amount: ___________	Tax haven: ___________ Amount: ___________ Tax haven: ___________ Amount: ___________ Tax haven: ___________ Amount: ___________ Tax haven: ___________ Amount: ___________
D) Taxable income (A – B – C)	Taxable income:	Taxable income:	Taxable income:	Taxable income:	Taxable income:
Taxes paid (Amount/Tax Rate)	Tax rate: % Tax paid:	Tax rate: % Tax paid:	Tax rate: % Tax paid:	Tax rate: % Tax paid:	Tax rate: % Tax paid:

MULTINATIONAL OPERATING ACCOUNTS

Corporation Name: ______________________________ Country: ____________________

Year	6	7	8	9	10
A) Pre-tax profits	$100 million	$100 million	$100 million	$100 million	$100 million
B) Other taxes or CSR contribution	Amount:	Amount:	Amount:	Amount:	Amount:
C) Tax haven payments (can be made from multiple developing country operations if the scheme allows)	Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________	Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________	Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________	Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________	Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________ Tax haven: ________ Amount: ________
D) Taxable income (A – B – C)	Taxable income:	Taxable income:	Taxable income:	Taxable income:	Taxable income:
Taxes paid (Amount/Tax Rate)	Tax rate: % Tax paid:	Tax rate: % Tax paid:	Tax rate: % Tax paid:	Tax rate: % Tax paid:	Tax rate: % Tax paid:

GOVERNMENT BUDGET SHEET

Country: ______________________________

Year	1	2	3	4	5
A) Domestic revenue (personal and domestic corporate tax)	$120 million	$120 million	$120 million	$120 million	$120 million
B) Corporate income tax	Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________
C) Additional Tax	Type: Amount: $0	Type: Amount: $	Type: Amount: $ Type: Amount: $	Type: Amount: $ Type: Amount: $	Type: Amount: $ Type: Amount: $
D) Total Tax Revenue (A + B + C)	Amount: $	Amount: $	Amount: $	Amount: $	Amount: $
E) Poverty Reduction	Poverty goes up 1% for every $10 million less than $150 million at (D) Poverty rate goes down 1% for every $10 million more than $150 million at (D)				

GOVERNMENT BUDGET SHEET

Country: ______________________________

Year	6	7	8	9	10
A) Domestic revenue (personal and domestic corporate tax)	$120 million	$120 million	$120 million	$120 million	$120 million
B) Corporate income tax	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________	Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________ Corporation: Amount: __________
C) Additional Tax	Type: Amount: $ Type: Amount: $	Type: Amount: $ Type: Amount: $	Type: Amount: $ Type: Amount: $	Type: Amount: $ Type: Amount: $	Type: Amount: $ Type: Amount: $
D) Total Tax Revenue (A + B + C)	Amount: $	Amount: $	Amount: $	Amount: $	Amount: $
E) Poverty Reduction	Poverty goes up 1% for every $10 million less than $150 million at (D) Poverty rate goes down 1% for every $10 million more than $150 million at (D)				

TEMPLATE FOR MULTINATIONAL SCORE SHEET

	PROFIT									
COMPANY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Big Coal	$	$	$	$	$	$	$	$	$	$
Big Cola										
Big Flower										
Etc.										

TEMPLATE FOR DEVELOPING COUNTRY SCORE SHEET

	POVERTY RATE									
COMPANY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Cambodiania										
Ghanastan										
Peruland										
Etc.										