

PRESS RELEASE

African countries increasingly opening themselves to tax havens' exploitation

Tax treaties signed by African countries involving tax havens result in significant revenue loss rather than expected additional investment due to illicit finance channelling gaps.

Dakar, 24 June 2019 – Mauritius is among the 9 African most corrosive corporate tax havens, having the lowest available corporate income tax of 0%, according to the [Corporate Tax Haven Index 2019](#). Yet, Mauritius secured several double taxation avoidance agreements (DTAAs) with other African countries applying a corporate tax rate of at least 20%, like Senegal, the Republic of Congo, and Tunisia. Such DTAAAs provide loopholes for tax avoidance practices by multinational corporations (MNCs) that undermine domestic resource mobilisation and development efforts. Indeed, it has been estimated that Senegal, may have lost \$8.9 million in taxes following its 2002 tax treaty with Mauritius including through shell MNCs like SNC-Lavalin exposed in the [Paradise Papers](#). At global level, an estimated \$500 billion in corporate tax is dodged each year globally by MNCs.

By undermining African countries' ability to tax wealthy and MNCs, not only do the lopsided DTAAAs lead to revenue loss but also do they pressurize African states to shift the tax burden to the poor. Double tax agreements particularly those signed with Tax havens such as Mauritius severely erode the tax bases of poor countries by encouraging aggressive tax avoidance. In recognising the harmful impact such DTA's pose, Senegal recently annulled its DTAA with Mauritius which is estimated to cause a revenue loss of over \$150 million. Tax Justice Network Africa (TJNA) lauds this brave decision by Senegal following shortly after a decision to annul a similar treaty between Kenya and Mauritius. Supporting the actions of the Senegalese government TJNA's executive Director called upon other African countries to follow Senegal's example. *"Mauritius' agenda to position itself an investment gateway to Africa is encouraging the haemorrhaging of financial resources through aggressive tax planning and must be stopped"* said Mr Mosioma.

TJNA has been investing in programmes such as the International Tax Justice Academy (ITJA) to equip civil society organisations with the necessary skills and knowledge to support advocacy on tax justice. ITJA this year will train selected participants on *the impact of DTAAAs on revenue generation; tax evasion and avoidance schemes; taxation of the digital economy;*

natural resource tax governance in Africa among others key topics. The 6th ITJA organised in collaboration with Forum Civil, Senegalese chapter of Transparency International opened today, at *Le Ndiambour hotel* in Dakar, Senegal.

"The International Tax Justice Academy aims to increase the critical mass of actors who promote tax justice on the continent. This learning session will serve as a good basis for the actors here to invest more in the fight against illicit financial flows (IFFS) and also to participate in the promotion of tax justice at national and international level" said Mr. Birahime Seck, Coordinator of Forum Civil and co-organiser of the Academy.

In the same vein, Mr. Mosioma, at the opening ceremony of the 6th ITJA noted: *" the role of civil society in challenging harmful practices is critical and the ITJA has become an important platform to build the capacity of key civil actors to engage in the tax policy formulation and implementation at national level"*.

Launched in 2014 under the motto *"building the next generation of tax justice champions"*, ITJA is an annual pan-African training programme designed to inspire, empower and mobilise citizens across Africa and bridge the existing knowledge gap on tax justice in Africa. This week-long key capacity building programme is intended for CSOs, activists trade unions students and other actors interested in tax justice and domestic resource mobilisation in Africa. Over the last 4 years over 380 participants have undertaken the training. This year, the Academy welcomes 90 participants and will close on 28th June 2019.

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