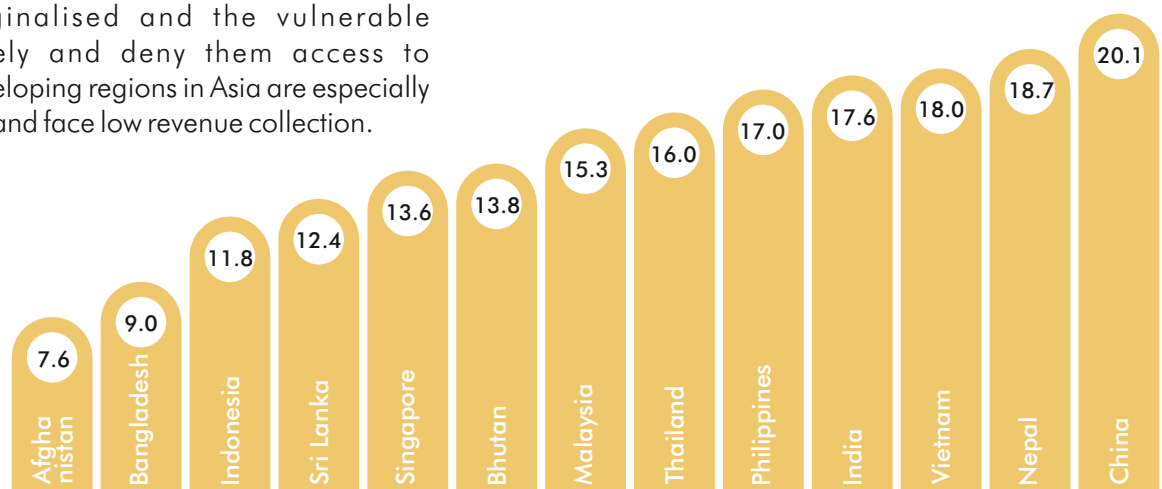


Issues and Trends in Tax and Financial Secrecy in Asia

Tax – GDP Ratio in Select Asian Countries (2015)

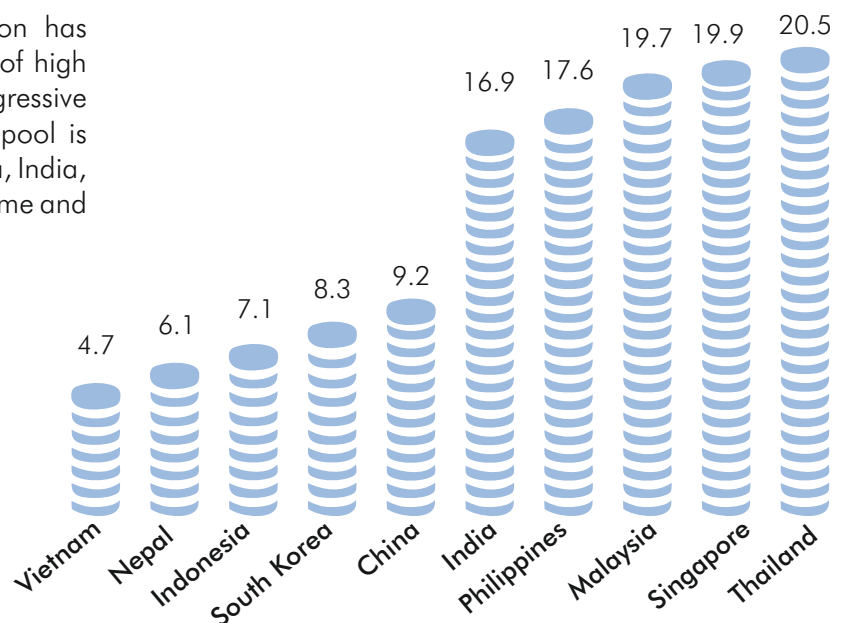
Comparing with the average tax-GDP ratios of other developing regions which is at 20.2%, Asia-Pacific has the one of the lowest tax-GDP ratios in the world with a high dependence on indirect taxes. Indirect taxes hurt the poor, marginalised and the vulnerable disproportionately and deny them access to opportunities. Developing regions in Asia are especially resource strapped and face low revenue collection.



Source: CEIC Data, Indian Public Finance Statistics, Ministry of Finance: Bangladesh, Ministry of Finance: Nepal, OECD, State Department of Taxation: China, World Bank

Wealth of Billionaires as percent of GDP in Select Asian Countries

In the recent years, Asia-Pacific as a region has recorded a 7.4% increase in the population of high net-worth individuals. Accompanied with a regressive tax mix, more than half of the total wealth pool is owned by the top 1% in countries like Indonesia, India, Russia and Thailand - a sign of worsening income and wealth inequality.

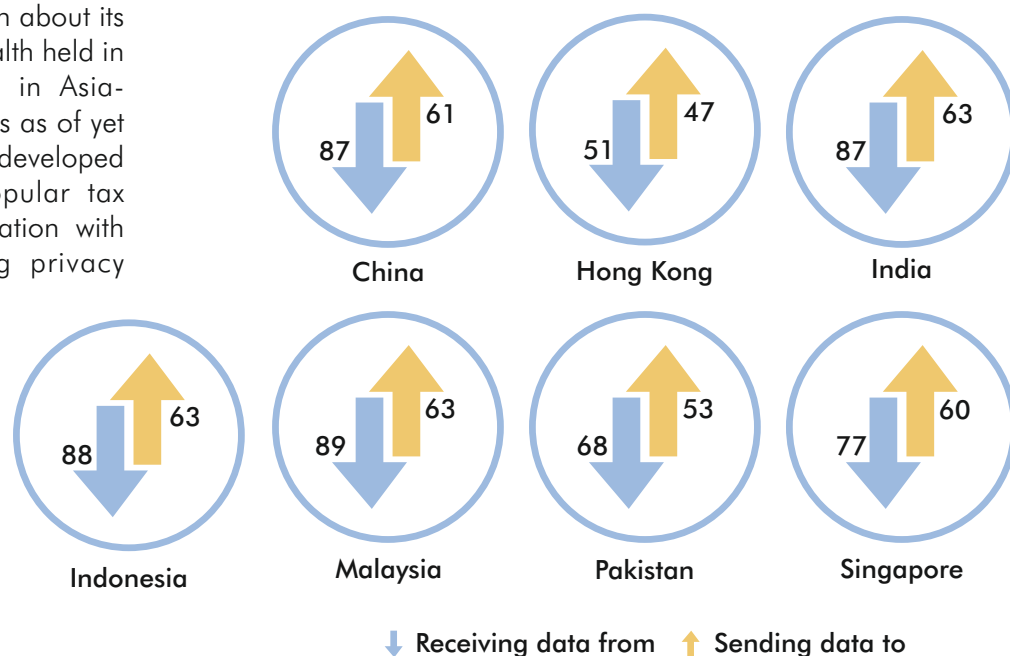


Source: List of Billionaires, Forbes (2018); GDP Data from World Bank (2017)

Note: Ratio is only indicative as the two data points are from two different years, as per data availability.

Countries and number of Automatic Exchange of Information (AEOI) Agreements

AEOI agreements are a useful tool for countries to access information about its citizens' hidden assets and wealth held in foreign countries. However, in Asia-Pacific region, only 7 countries as of yet have AEOI agreements. Many developed countries who are also popular tax havens do not share information with developing countries citing privacy concerns.



Source: AEOI Portal, OECD

Existing and Emerging Tax Havens in Asia

Hong Kong, Dubai, Macau, Singapore, Malaysia and others have become popular destinations for parking offshore wealth. The Financial Secrecy Index (2018) launched by the Tax Justice Network, ranked 4 Asian jurisdictions among the top 10 most secretive jurisdictions in this world. Onshore hubs in the Chinese mainland are being increasingly recognised for their potential as leading global financial centres due to their strong legal structures and strategic geopolitical location.

