Search
Home | My Network | Jobs | Messaging | Notifications | Me | For Business ▾ | Try Premium for CHF0
Edit article | View stats | View post

Who am I to scold FIs & authorities where they're wrong? Pitcairn, Isle of Man cells, China ODI, Bahamas MCAA, German Bundestag, UK-Svalbard trusts...

Mark Morris
CRS and CARF expert. No. Indy.

September 4, 2024

I. An early expert in the EU Savings Tax Directive with deep knowledge knowledge in *Aloi*

I became consultant for the EU commission on the EU Savings Tax Directive from 2003 : **The Weak Link - Economist**.

- Cleaning up trusts **and similar entities will hurt money launderers—but it will need a lot of political will. When Mark Morris,** a Zurich-based tax consultant with a conscience, requested a meeting with the European Commission to explain the many devious ways in which tax evaders were using shell companies and other vehicles, a bored official offered him a cup of tea. "I felt like a Cassandra crying in the desert," he recalls. Mr Morris, 45 up, Tess hours later he was still listening, scribbling furiously." Only a fool holds dirty money in his own name these days. Anyone in the know knows to conceal ownership through labyrinthine combinations of anonymous shell companies and arrangements such as trusts and foundations. Campaigners have worked hard to expose the extent of this "layering", helping to push corporate transparency up political agendas.

EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect taxation and tax co-ordination
Direct taxation

B-1049 Brussels,
Belgium
Telephone: (32-2) 299 11 11
Fax: (32-2) 296 99 38
Telex: COMEUR B 21877
Telegraphic address: COMEUR Brussels

Brussels,
(date of the last signature)
TAXUD/A1/
Mr Mark Morris
Bahnhofstrasse 9
Postfach 384
CH-8021 ZURICH
Switzerland

Subject : Consultation in the framework of the Commission proposal to amend the Savings taxation directive

Dear Mr Morris,

I am aware that since the early summer of 2003, there have been regular contacts between you and the team within my Directorate dealing with Dossier's 2000/48/EC (the "Savings taxation directive").

I acknowledge the information given to your colleagues by the members of that team, on the Swiss "Aloi" and "Zinsbesteuerung" models.

In the light of the quality of your submissions and of your private deep knowledge of the issues relating to the management of private financial assets, the Directorate-Staff the Commission would like to invite you to a meeting in Brussels, on Friday, 26 September 2003 for discussions on the operation of the Savings taxation directive. The technical aspects of the Swiss "Zinsbesteuerung" model, and the Commission's proposal for a response to the wishes of the Expert group on savings taxation where this wishing leads (these issues are not to be discussed).

I would have noted the quality of your analysis relating to the characteristics of specific financial and insurance products and to the legal framework of international financial centres I am grateful for the exchanges of views which have taken place with Eurostaxes representatives and I hope that you will be invited to participate in the Fiscal Codes the Commission of the Tax Advisers of the Directorate.

I have no objection to your sharing this appreciation of your contribution and technical skills with people to whom it might be of concern.

Yours sincerely,

Jean-Marc Leclerc

Office: Rue de la Loi/Wetstraat 200, B-1049 Brussels - Belgium - Telephone: (32-2) 299 11 11 - Telex: COMEUR B 21877 - Telegraphic address: COMEUR Brussels

II. Testified to the German Parliament in Berlin that the SIF proposal for anonymous witholding of tax on interest for the EU Savings Tax Directive was full of loopholes. Germany subsequently told SIF where they could get off the bus....

(invited due to consulting for the Tax Justice Network)

See **me** at 02:06:00 for ten minutes criticizing the SIF proposal regarding anonymous withholding tax to be paid to Germany.

III. Isle of Man: Incorporated Cellular Insurance with innovative features - not repeated by anyone

- Insurance was not covered by the EU Savings Tax Directive, the first AEOI initiative, because, get this, insurers claimed their reserve costs were higher than banks and they had lower profits.
- In 2006 two large Swiss banks initially accepted my proposal to set up ICC insurers in Isle of Man.
- The newly introduced Incorporated Cell structure

  - The core cell would be owned by my company

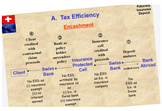
  - Each incorporated insurer cell is formed for the exclusive use of different banks (e.g. bank Y would use "Raspol" cell insurer, bank Y would use "Sledgers A" co ")

  - Each incorporated cell would be owned by myself, and I would be the core cell manager.

  - The Cell should have been owned by the bank but wanted confidentiality.

  - The bank would subscribe to their cell for individual policies in the bank's name on a Fiduciary Placement basis, i.e. the policyholder would be the bank itself

- Bear in mind, Swiss banks offer fiduciary deposits where they place their clients's money on deposit with other banks offering higher interest rates in various currencies. These are off the bank's balance sheet as the risk is for the client, despite deposits in name of the bank.
- Isle of Man IPA created a list of banks that could subscribe to policies in the bank's name, without providing client details, for the risk of clients.
- Each policy as a fiduciary placement would be the benefit and risk of the client.
- Up until then, banks used fiduciary placements exclusively for deposits with third-party banks.



- The banking authorities confirmed that banks' fiduciary placements could be used for PPU policies, as long as the bank's annual balance sheet contained a note that fiduciary placements included the total value of insurance policies.
- Fiduciary placements funding life insurance policies, a policy and its benefit payout, were not covered by the EU Savings Tax Directive
- Confidentiality was assured as the clients' names were only known internally to the bank. The client's name was not used in the insurance structure.

However, the inept muppets at the bank said hold my beer, we can improve on that...

- Some executives of the bigger bank took a look at the insurance proposal and said hold my beer...
- The big bank formed its own 100% subsidiary insurer in the Caribbean (to maximize the fees, of course) so they could offer more confidentiality and no risk with the fiduciary placement incorporated cell structure.
- The smaller bank cannoosed once their big brother followed what they saw as a crappy route.
- The bank subscribed policies for 5,000 EU clients, with each policyholder being in the name of the client instead of in the bank's name on a fiduciary basis. Brilliant 🙈
- A whistleblower shortly rattled out on the bank, providing the intricate details of each client file. So much for ignoring the use of fiduciary placements in the name of the bank 🤦‍♂️
- The bank ended up paying billions in fines.
- When I recently looked up executives who decided to utilise the easily traceable client names route, are school teachers in Germany or in the garbage disposal business (no joke).

Eleven years after this mieadventure, in 2017, **BBC got excited** when someone whistle blowed the Isle lawyers who worked with me and Isle of Man IPA.

IV. Mutiny on Pitcairn Island

Watch any of the three "Mutiny on the HMS Bounty" movies on how the mutineers fled to Pitcairn with Tahitian women and still today live on the Island.

- The mutiny on the Royal Navy vessel **HMS Bounty** occurred in the South Pacific on 28 April 1789.
- Disaffected crewmen, led by Lieutenant Fletcher Christian seized control of the ship from their captain Bligh and set him and eighteen loyalists adrift in the ship's open launch. The mutineers then returned to Tahiti and **Pitcairn Island**.
- By the mid-1800s the Pitcairners were finding the remote island increasingly unable to support them. Of its 3 square km, only 8% is flat land and there were now close to 200 mouths to feed.
- In 1852, the British Home Office relocated the entire population of 194, who all volunteered, to the Australian Norfolk Island.
- Many relocated Pitcairners were disenchanted with New South Wales imposing what they perceived as the same oppressive regime as Tahiti.
- Some families returned to Pitcairn shortly in 1856 and more in 1864, bringing the island's population to 43.
- The population peaked again at 233 in 1937, and once again most Pitcairners were relocated to Norfolk.

Current status of Pitcairn Island

- The population of Pitcairn is more or less stable, at around 60.
- Almost all of the island's current population are descendants of these returnees.
- Since 2013, the Pitcairn Islands has tried to attract new migrants but has had no applicants because it requires prospective migrants to front significant sums of money and prohibits employment during a two-year trial period, at which point the local council votes on permanent residency.
- Pitcairn is a UK overseas territory, the most remote inhabited island (compares with another UK territory Tristan da Cuhna).
- The language used today is English, incorporating many terms and accents of 18th-century naval English. Many expressions are not commonly used in modern English, the strong pronunciation differences and words from other sources make the Pitcairn language difficult for any visitor to understand.

Introducing the Single Member Venture

- Surprisingly, there asisted **Pitcairn legislation** for fiscally transparent partnerships, emulating UK laws. WTF, **Pitcairn laws** for a population of 60?
- I proposed they amend their partnership law to permit one-person partnerships (*so that individual clients could set up a Pitcairn entity*)
- I proposed my plan with the British High Commissioner to New Zealand and the Governor of the Pitcairn.
- The governor suggested an alternative to my proposal, a more meaningful "Single Member Venture", which was a valid entity rather than my non-sensical one-person partnership. Brilliant 🙈
- The governor of Pitcairn solved my business plan was the best idea for Pitcairn since the selling of stamps.
- Entities in Pitcairn would be beyond the reach of EUSD, and a bonus was these ventures were unincorporated, low cost, fast setup, and fiscally transparent.
- However, when he described my proposal to the men in black in the UK, who were the real powers over this UK territory, it was nixed, with an attitude by giving my proposal to my the EU Commission and EU Parliament. 🤦‍♂️
- ...and as they say "that's all folks".

V. Pressuring the Bahamas authorities to join the MCAA

- Up to 2016, Bahamas refused to sign the OECD MCAA, which is a multilateral agreement to simultaneously exchange CRS with multiple countries.
- They rather elected the bilateral route to exchange information with each selected country individual. Taiwan is one of the only other countries select the bilateral route because only 12 countries recognize the existence of Taiwan as an independent country.
- However, Bahamas only selected bilateral agreements with countries that had few to no bank accounts in Bahamas.
- Bahamas had other countries, eg. LATAM and EU, on purpose, as the bulk of clients came from these.
- But worse, dishonest Bahamian authorities would travel to, say Italy, Switzerland, Mexico and attend STEP conferences, or visit the individual wealth managers in Lugano and Milan and hammer home that Bahamas had not signed any exchange of agreement with their country, so financial account data was safe.
- Once the OECD became aware of these pirate tactics, OECD pressure was placed on them to acquiesce to signing the MCAA.
- However, even today, although Bahamas has signed the MCAA, they only have activated the countries with which to exchange info, compared to the average over 100 of other MCAA partners.

  Read my article **Bahamas conmen authorities never changed their spots. Implemented CRS for only half of the OECD's AEoI participating members...**

VI. Norway, or is it Norway?

I help clients establish structures in the **Norwegian archipelago**

VII. Specialising in non-UK trusts with SJ trustees

Where the heck is SJ?

- Read my article **Proof no better offshore-equivalent trust than the non-UK trust. Using other governing law trusts is likely only for cranks...**

VIII. SPV Custodial Institution - Non UK trusts

Read my article **WTF is an SPV Custodian mentioned in the OECD CRS FAQ Feb 2019. Now I publish articles on SPV Depository Institutions...**

Read my article **Great is the OECD, and greatly to be praised. In black, white & purple they confirm an Investment Entity does not report on its Custodial Institution**

Read my article **HMRC steps in and helps define that a Trust can be an SPV Custodial Institution. Excellent for CRS and CARF.**

IX. Chinese ODI

- I am working with several billion USD of ODI funds from mainland China into private structures.

  Read my article **Get millions out of China for your wealth management business.**

SUMMARY

Mutiny on Pitcairn crashed, but I learned...

- 🤞 luck sometimes, but failure is part of success
- Many nooks and crannies of the world exist to innovate.

=========================MM==========================

Mark Morris
CRS and CARF expert. No. Indy.

More articles for you

Many Insurance Companies are Taxed Twice. Here's why.
Conner Tax Recovery
0

Changes to the tax code impacting micro-captives!
Alex Kemp
1 comment

How to Legally Eliminate US Tax
Peter Jones
0 comments

Comments
Like | Comment | Share
Add a comment...
No comments, yet.
Be the first to comment.
Start the conversation

Messaging