"Dimitrie Cantemir" Christian University
Knowledge Horizons - Economics
Volume 6, No. 4, pp. 54–56
P-ISSN: 2069-0932, E-ISSN: 2066-1061

www.orizonturi.ucdc.ro

TAX HAVENS IN ECONOMIC GLOBALIZATION ERA

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Abstract *The current economic climate is characterized by the globalization of trade in goods and services, free movement of capital and extensive use of new technological applications in the field of international financial transactions and trade. Despite the fact that most financial institutions are the compliance department rules governing enormous number of transactions conducted daily are insufficient.*

Key words:
Globalization, tax haven, offshore, EU, world economy

1. Introduction

Globalization refers to the phenomenon of open economies and borders. Is a result of the intensification of trade and capital movements, the dissemination of information, knowledge and technology and the process of deregulation. This process, which had accelerated in recent years, both menus geographic and sectorial.

Globalization brings more opportunities. It remains one of the biggest challenges for the European Union today. To fully benefit from the growth potential of this phenomenon and to ensure a fair distribution of its benefits, the European Union aims to implement the multiple governance, a model of sustainable development that is at the same time benefit economic growth, social cohesion and environmental protection.

No definition of globalization is more complete than that induced by the phrase "planetary state" and that although presented as a phenomenon specific to the end of the century and the millennium, globalization, or at least some of its dimensions is not without a long history; under this almost natural consequence of globalization is the increasing rate of the economy accelerated states. The phenomenon of globalization offers opportunities for real development globally, but is manifested by uneven progress regions. (I. Bari, 2001)

The phenomenon of globalization offers opportunities for real development globally, but is manifested by uneven progress regions. New realities outlined in the sphere of international economic and financial relations have led analysts to issue theories according to which the world economy is heading towards a globalization model induced by new forces that act impeccably in this direction. We are witnessing display that crystallization of a global economy based on networks that occurs as the transition from a system of interdependent focused mainly on trade, to a system focused mainly on network interconnections. (A. Bressand, 1992)

The globalization of financial markets is another indication that the economies of advancing towards a stronger global integrated system; increasing competition in financial markets international force large financial institutions to engage in large-scale operations around the world, defying national borders and time zones and incorporating in their offers a growing variety of financial services. (P. Robinson, 1991)

Liberalism, as the engine of globalization, their mechanisms implemented on a global scale. Globalization does not imply a convergence towards a liberal model of the minimal state. On the contrary, globalization, the need for efficiency, could induce a strengthening of public functions of the state. With globalization, the state may not interfere manipulating and influencing public enterprises. Instead, the state sets the rules and the political forces are tasked to solve problems that arise (economic crisis, poverty). For successful integration into the global system, politicians onus difficult to choose priorities in the economy. In the new millennium the emphasis is not on tradition and preserving national entity, but the progressions and globalization. For this reason, the process of regional integration imposes significant constraints on economic policy, banking, commercial and social nationwide. (Stiglitz J.E., Ocampo J. A., Spiegel S. 2006)

2. The financial globalization impact on tax havens

The global economy is a system of fundamental components, integrationist national economies and economic organizations, and the element derived connection such as international economic relations and international market. (S. Dumitrescu, A. Bal, 1999)

The main characteristics of tax havens are:

1. Taxation little or no - most countries considered tax havens are not imposing any form of taxation or, if necessary, it is performed in a reduced form and only on certain types of income.
2. Banking secrecy - even if, in general secret banking is hardly penetrated in practice states do not protect the data in case of an investigation requested by a foreign government; Instead tax haven states categorically refuses to disclose such information in any situation.
3. Relative importance of banking activity - activity tax havens evolve due to the presence of foreign banks, this activity generates income in the form of fees and taxes on financial institutions symbolic. Such foreign bank accounts in tax havens jurisdictions are significantly higher than bank accounts in foreign countries that are not tax havens.
4. Means of modern communication - a key element for the existence of a state tax haven consists excellent communication systems linking the territories of the major countries from which capital flows or where to go with these financial flows.
5. Lack of control over currency - General rule, tax havens exercise control double currency that distinguishes between residents and nonresidents and between local currency and foreign currency, meaning that monetary and exchange rate subject control only residents of the State tax haven nonresidents not citizens.
6. Promotional advertising - all countries see the financial activity tax haven a relatively stable source of income and seeks to actively promote and in this way the tax havens favor the interests of those investors looking to recycle the money and will not pay profits or income taxes. (St. Popa, A. Cucu, 2000)

Financial globalization is based on important developments of national financial systems: openness, deregulation and increased sensitivity to market risks of financial intermediaries that constitute conditions permissive unification of financial markets. The international financial market financing represents all short, medium and long term, advanced to borrowers outside their home country. The existence of tax havens decisively alters the functioning principle of tax residence, but using this principle of tax havens affect the redistribution of profits from investments. Thus, tax havens directly involved in the distribution and allocation of profits just because they suffer as little tax. Offshore territories are increasingly using the principle of tax residence to attract implantation of commercial entities to develop relationships economic, usually by non-residents (C. G. Buzan, 2011).

Free access of goods, combined with the liberal regime of taxes on profits represents favorable conditions to attract foreign capital in areas considered tax havens. These are necessary conditions to stimulate foreign investment in the era of economic globalization.

The appearance of tax havens was determined, in some cases, lack of internal resources, offset by the authorities by providing tax breaks companies and financial institutions concerned, in order to attract their territory. Thus, in the context of economic and financial globalization, developed countries base their anticipation budget revenues collected as taxes and duties on goods and capital flows.

Natural tendency of lowering taxes to increase competitiveness implies the strengthening measures to combat tax evasion, control and thorough collection of taxes. It is evident that through the tax system, the European Union member states seeking to avoid unfair competition between them, in a period in which the tax is imposed financial globalization more and more. Tax havens offer foreign investors a very attractive tax level. Besides this, there are many non-tax features designed to attract investment and boost economic activity. The higher tax havens, hosting about 1% of the world (excluding the U.S. population), generating 2.3% of global GDP, attracting 5.7% of foreign employees and 8.4% of tangible assets of U.S. companies.

Tax havens are characterized by an average annual rate of growth of GDP per capita by 3.3% between the years 1982 to 2000, economic activity in tax haven states, among other things, stimulating economic and financial activities in neighboring countries. Offset current tax in Europe is not only alarming loss of government revenue, but also a threat to maintaining the European social model, which is based on providing quality public services available to all. This gap threatens the proper functioning of the single market and affects the efficiency and fairness of tax systems in the EU. Loss of income causes further increase the deficit and debt levels in all Member States, even at the most important to tackle the crisis. Because tax evasion and tax avoidance, boosting funds available for public investment, growth and employment fall.

This occurs at the time of the worst economic crisis, financial and social in decades, the automatic stabilization mechanisms of the welfare state is more important than ever to ensure economic growth and social cohesion.

3. Conclusions

Member States whose tax base was adversely affected by the non-transparent and harmful tax measures taken by tax havens have in mind, usually a series of measures to combat these negative effects. Taxpayers react to this situation by transferring their operations or transactions in a Member State with a lower level of protection. Therefore, the overall protection of EU Member States' tax revenues may be generally more effective than the protection mechanism of the Member State of less strict. It is important that efforts be channeled to the prevention and, where closer cooperation with third countries in developing and providing assistance to those countries that are not tax havens would help them to effectively fight fraud tax, tax avoidance and aggressive tax planning.

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