

After Panama Papers, Bahamas: More Indians in secret tax haven list

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FIVE months after the Panama Papers, the biggest-ever leak of offshore entities registered by Panama-headquartered law firm Mossack Fonseca, comes the Bahama Leaks, which reveals incorporation details of more than 175,000 companies, trusts and foundations registered in Bahamas, the Caribbean tax haven.

This new cache of documents, received by the German newspaper Süddeutsche Zeitung and shared with the International Consortium of Investigative Journalists, and its media partners, including The Indian Express, relates to companies registered between 1990 and early 2016.

It lifts the veil of secrecy that the Bahamas offers to multinational corporations and also rich and powerful individuals by revealing the names of office bearers, shareholders or beneficial owners of the offshore entities.

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Some of them have also figured in the Panama Papers global investigation, reported by The Indian Express in April this year.

Anil Agarwal of the Vedanta Group; Kabir Mulchandani of the erstwhile Baron Group who had made it big in the domestic consumer electronics sector with Akai, Aiwa and Hitachi tie-ups in the 1990s; Fashion TV India promoter Rajan Madhu; Aman Gupta, chairman and chief executive of premium Finnish water brand Veen Waters; are some of the prominent personalities associated with companies in the Bahamas Leaks investigated by The Indian Express.

Some names that figured in the Panama Papers investigation and have come up in the Bahamas Leaks, too. The two sets of data thus intersect at several points, uncovering hidden layers of offshore secrecy.

The release of the Bahamas Leaks comes days before the September 30 deadline of the government's much-publicised Income Disclosure Scheme (IDS). The IDS opens a rare window for individuals and corporations to declare their hitherto undisclosed income and come clean by paying 45 per cent tax as penalty.

Within hours of publication of the Panama Papers investigation by The Indian Express, the government had appointed a multi-disciplinary task force to probe the revelations. Since then, almost 100 requests for information have been sent to 12 offshore jurisdictions. In all, the Central Board of Direct Taxes (CBDT) has put 297 Indians covered by the Panama Papers investigation under the scanner.

The government may choose to include the details revealed by the Bahamas Leaks also under the on-going ambitious tax probe.

Unlike the Panama Papers, 11.5 million often-detailed emails, contracts, audio recordings and other documents from one law firm, Mossack Fonseca, the information listed in the new Bahamian documents are static in nature and provide only bare facts such as the company's name, its date of creation, directors and the physical and mailing addresses.

But the new leak includes the names of 539 registered agents — corporate middlemen who serve as intermediaries between Bahamian authorities and offshore clients.

Among them is Mossack Fonseca and the latest ICIJ release shows that it set up 15,915 entities in the Bahamas, making the tax haven its third busiest jurisdiction. The Panama Papers showed how Mossack Fonseca helped clients use secrecy norms in the Bahamas to keep their name out of public filings.

Political and government figures named in the leaked documents include Colombia's minister of mines and energy between 1999 and 2001, Carlos Caballero Argáez. He was listed as president and secretary of a Bahamas company, Pavc Properties Inc., between 1997 and 2008. Argáez also appeared as director of Norway Inc, a company registered in the Bahamas, between 1990 and 2015.

In the case of Neelie Kroes, European Union's commissioner for competition policy from 2004 until 2010, records show her as a director of Mint Holdings Ltd from July 2000 to October 2009. The company was registered in the Bahamas in April 2000 and is currently active.

According to ICIJ, Kroes didn't disclose her connection to this company in her declarations of personal financial interests in 2010 when she was European commissioner for competition or in 2014 when she was European commissioner for digital issues. Kroes, 75, is a director or a board member of several companies and also serves as an advisor to Bank of America Merrill Lynch and Uber. She remains an influential member of the Netherlands' ruling People's Party for Freedom and Democracy.

Kroes rejected any criticism of her business activities. Her lawyer said she denied "she was ever conflicted by ties to the private sector."

Bahamian authorities did not reply to ICIJ's requests for comment. In a previous statement, the Bahamas called itself "a clean, compliant jurisdiction having been deemed largely compliant with the OECD's existing standards with respect to the exchange of tax information."

Mossack Fonseca did not reply to ICIJ's request for a comment. The law firm previously told ICIJ: "As a registered agent we merely help incorporate companies, and before we agree to work with a client in any way, we conduct a thorough due-diligence process, one that in every case meets and quite often exceeds all relevant local rules, regulations and standards to which we and others are bound."

(Indian Express)