

Tweeting About Tax Avoidance:  
How NGOs and Journalists Create Saliency in a World Crowded with Good Causes

**Abstract**

Revenues lost from tax avoidance are estimated to total \$500 billion annually (Cobham, 2017). Over the past decade, the subject has received substantial amounts of attention in the media and online, thanks to campaigns by non-governmental organizations seeking to publicize the problem, as well as through journalistic reporting, including the 2016 ‘Panama Papers’ series. Despite this attention, it remains unclear what impact the press coverage and campaigning has had. This paper uses data scraping techniques to analyze four key document leaks (Lux Leaks, Swiss Leaks, Panama Papers and Paradise Papers), and evaluate if and how media reports made tax avoidance salient to broad audiences. The authors also examine whether this newfound saliency resulted in deliberative or substantive impact worldwide.

**Introduction**

Over the past decade or so, the twin issues of tax avoidance and evasion have taken on increasing prominence amongst social justice advocates, journalists and within online conversation, driven in part by greater awareness of the popularity and scope of offshore tax havens and the increasingly complex arrangements used to minimize tax by both transnational corporations and high-net-worth individuals. Most notable in raising awareness have been the campaigns by international non-governmental organizations (INGOs) seeking to publicize the problem, as well as through journalistic reporting, including the 2016 ‘Panama Papers’ series. Making this arcane financial topic salient to mass audiences can be difficult, and both journalists and NGOs have used a range of techniques in order to pique the interest of the public and generate outrage (Keck & Sikkink, 1998; Hendrix & Wong, 2014).

Ultimately, the aim of the INGOs, as well as some journalists, has been to catalyze change so that tax avoidance is lessened. By articulating new information, journalists not only raise awareness, but can help change norms and reach policy makers and regulators who can address the problem. Accordingly, this paper employs the definition of media impact laid down by Protess *et al.* Protess and his colleagues argued impact unfolds in three phases: personal, deliberative (for example, Congressional hearings), and substantive (such as policy changes or new laws) (Protess, 1991).

Tax avoidance is generally considered more ethically ambiguous than tax evasion. While the latter is in almost every context a crime, with the negative ethical connotations that generally

accompany it, many forms of tax avoidance, or minimization, are entirely legitimate and appropriate forms of recompense – for example, a salaried office worker claiming back travel expenses incurred for work. Such typical examples of legitimate tax minimization fall outside the scope of this paper. Rather, our focus is on the activities which see money stashed in secret offshore accounts located in low-tax jurisdictions. The intent of considering the high-profile leaks studied in the dataset was to concentrate on particularly egregious instances of tax evasion and avoidance, on the part of both individuals and corporations. While ‘egregious’ is a subjective and loaded term, the authors consider it justified in the context of much of the reportage that emerged detailing loopholes exploited by high-net-worth individuals and large corporations, who did so with the primary aim of minimizing their tax burden.

Moreover, notions of fairness have proven a focus of campaigns from activists such as the Tax Justice Network and Christian Aid. These organizations focused both on the discrepancy of tax paid in relation to overall income between the ultra-wealthy and those near the mean, but also on the differences in opportunities afforded to minimize tax. It is by now well-established that these are far greater for those with the ability to maintain offshore bank accounts, with numerous instances where ‘nominee directors’ – effective straw men – are hired to act as ‘managers’ or ‘trustees’ on paper, but effective control is maintained by undisclosed investors or lenders, or trust beneficiaries. Similarly, there is significant scope to engage tax specialists to exploit loopholes in tax regulations that nonetheless breach the so-called ‘spirit of the law’ (Narotzky, author correspondence).

It is thus in this overall context – the notion that large-scale tax avoidance and evasion are both unfair and represent a significant cost to society, in terms of undermining faith in the legitimacy of the tax system and depriving governments of revenue to fund social services – that this paper is presented.

## **Objectives**

The project was initiated by a desire to analyze and quantify the degree to which the leaks of confidential papers had contributed to a rise in salience for the topic within media discourse. While certain indicators such as a generalized increase in social media activity and media attention suggested there had been an overall increase in the last decade, the authors focused on the available English-language material in order to evaluate changes in topical focus, depth of analysis, and shifts in sentiment. We also sought to contrast the journalistic coverage with the INGO advocacy campaigning in order to assess where the balance of the overall increase in media attention had emanated from.

Overall, the paper considers the following questions:

- To what degree, if any, the leaks drove an overall increase in salience for the topic of tax avoidance/evasion;
- How the different leaks affected a prospective increase;
- Whether the journalistic coverage created more online impact or salience than the INGO advocacy campaigning, in order to assess where the balance of the overall increase in media attention emanated from; and
- What insights can be gleaned into user engagement from scraping Facebook and Twitter data on this topic.

### **Literature review and background on tax avoidance**

Addressing tax avoidance is a task that has historically relied heavily on reputational shaming, and as such, is necessarily contingent on widespread knowledge of wrongdoing, promoted with the aid of mass media outlets. Although not illegal, certain types of tax avoidance have become increasingly heavily tied in public perception to illegal tax evasion (McBarnet, 1992) – due in part to what might be termed its ‘professionalization’ by teams of accountants working for multinational corporations (MNCs) and high-net-worth individuals. In practice, such activities mean that the aforementioned groups are able to successfully minimize or even functionally eliminate their tax burdens (McBarnet, 1992), while still retaining the benefits of taxpayer-funded infrastructure and ‘soft’ social support paid for by the remainder of the tax base, who end up shouldering a disproportionate share of the burden for funding such activities.

While space limitations do not allow us to detail all the reasons that tax avoidance has become such a large phenomenon, it is clear that efforts to minimize tax burdens are nothing new. In some cases it is because local regulations encouraged the development of offshore banking, such as in the historical cases of Switzerland and Panama (Zucman, 2015). In other instances, local regulations or loopholes encouraged a race to the bottom by different states, areas or regions. For example, differences in local regulations encouraged the US state of Delaware to become a tax shelter (Dyreg, Lindsey, & Thornock, 2013; Roe, 2003).

Implicit in media representation of tax evasion is an embedded assumption that it is an activity deserving of criticism on, at a minimum, grounds of injustice and unfairness. Avoidance, on the other hand, is generally treated with greater circumspection, understood not just as a legal but also a potentially ethical course of behavior, contingent on circumstances. Yet this ambiguity can and does result in exploitation of taxation regulations – most frequently, by those with the means to do so. In 1986, an Australian state attorney-general, Bob Debus, managed to capture

the sense of anger felt by many in the community when he addressed the issue of exploitative tax avoidance schemes that were being employed by major companies such as Bond Corporation and Elders-IXL. In an address to the New South Wales Parliament, Debus noted:

“There are apologists for type[s] of tax avoidance [that involve trickery, sly lurks and devious schemes]. It is sometimes characterised as the right of every taxpayer. I have even heard it suggested as an obligation of a company director to shareholders. That is arrant nonsense. In every sense but strict legality it is nothing but a fraud practised against the community... Tax laws, like every other law of the land, should apply equally to all citizens. The amount one contributes to public services, such as education and health, should not depend on one’s ability to buy a tailor-made tax avoidance scheme concocted by big-ticket lawyers, accountants and merchant bankers” (New South Wales Hansard, 1986).

Nonetheless, despite the long-standing concerns over social equity referenced above, the internationalization and deregulation of the financial sector in recent decades, as well as the dramatic gains in prosperity of the globe’s wealthiest individuals, has provided tax-dodging efforts with new impetus. According to a 2012 study by the Tax Justice Network, some \$21 trillion resided in such accounts (Henry, 2012), a number that is likely to have grown further in recent years given the buoyant global economy and the further accumulation of wealth in the hands of the richest tier. Globally, revenues lost from tax avoidance are estimated to total some \$500 billion annually, according to the Tax Justice Network (Cobham, 2017; Turner, 2018). According to one estimate, the US loses \$200 billion a year from tax avoidance, and Britain’s Labour Party has said the UK was deprived of some £13 billion in revenue over five years (Turner, 2018). At the same time, there is evidence to suggest that such tax dodging is highly unpopular amongst the greater public – a 2014 study by ActionAid indicated that some 85 percent of British adults considered tax avoidance by large corporations to be morally wrong, even if it was technically legal (ActionAid, 2014).

In the literature on this subject, McGee (2006) analyzes the three main approaches to tax evasion, suggesting that there have historically been three major approaches around the ethics of paying tax – that it is *never* ethical to avoid paying tax, that it is *always* ethical to avoid it, and that it is *sometimes* ethical, depending on prevailing circumstances. In the latter case, it may be the case that ethical quandaries are minimized if, for example, the government is known to be wilfully corrupt. Casal *et al.* (2016) showed that retaining a voice on tax contribution and distribution resulted in higher compliance, suggesting that the ethics of tax are not easily distilled into pro/anti arguments.

More recently, the race to the bottom has raised public ire as the discrepancies between different countries' tax policies have become clear. The European Commission has attempted to crack down after reporting in 2013 revealed that Irish law permitted Apple to attribute over \$100 billion in profit to its subsidiaries in Ireland in order to avoid paying taxes in the US. In 2017 Apple was ordered to pay \$15 billion in back taxes by the European Commission, while Ireland was accused of depriving other EU members of tax revenue by allowing Apple to attribute nearly all profits generated in the EU to Ireland. Apple later moved two of its three Irish subsidiaries to Jersey, another popular European tax haven (Drucker & Bowers, 2017; Farrell & McDonald, 2016).

Another controversy involves the use of accounting techniques to minimize amounts owed. The Organization for Economic Cooperation and Development (OECD) has pushed for countries to stop allowing the Base Erosion and Profit Shifting (BEPS) accounting technique, which allowed companies to attribute their income to countries where they did not earn revenue (OECD, 2018). However, critics argue that while some positive measures were introduced as part of the OECD-led process, any real reforms were watered down by the US in 2017 and there is a broad consensus that it doesn't go far enough to address the problem of corporate tax avoidance. There still needs to be a fundamental change to corporate tax laws including moving away from arm's length principle (ICRICT, 2018).

The principle underpinning the current international tax rules assumes that multinational companies assign the same price to a transaction regardless of whether or not the entities involved are related or not (ICRICT, 2018). The ICRICT (2015) points out that this principle is unhelpful for dealing with transfer-pricing issues, especially for intangible assets, and is simply another tool for avoiding taking on their fair share of taxation.

Over the past decade, the major voices challenging this trend of large-scale corporate tax avoidance in the global sphere have come from non-governmental organisations such as the Geneva-based Tax Justice Network, ActionAid, Christian Aid, Oxfam, Independent Commission for the Reform of Corporate Taxation (ICRICT) along with important reporting by the International Consortium of Investigative Journalists (ICIJ), which published three lengthy series on tax avoidance including the Lux Leaks series in 2014, the Panama Papers series in 2016, and the Paradise Papers in 2017. These laid bare the extent to which loopholes such as offshore accounts, subsidiary shell companies, and declarations of profits in tax havens are widely employed.

According to the International Center for Investigative Journalism, as a consequence of the Panama Papers, "at least 150 inquiries, audits or investigations have been announced by police,

customs, financial crime and mafia prosecutors, judges and courts, tax authorities, parliaments and corporate reviews in 79 countries around the world, according to global media reports and official statements” (Fitzgibbon & Díaz-Struck, 2016).

### The role of transparency

Disclosure and transparency are central to the core beliefs of the journalism community as well as the INGOs that campaign against tax avoidance (Christensen & Murphy, 2004; Craft & Heim, 2008). Allison Christians (2014), in a discussion of ‘taxpayer morality’ argues that, while an imperfect mechanism, transparency is “the best hope for achieving justice across a wide variety of governance-related failures of which unjust taxation is a prominent example” (Christians, 2014). She contends that transparency forms “the central core of all contemporary treatments of the problem of governance, and there is no reason why it should not also define the contours of thinking about what behaviors should be acceptable when it comes to taxation,” concluding that “the problem of distinguishing tax avoidance from tax evasion presents a base case for demanding transparency in both tax information and tax lawmaking, in the service of pursuing tax justice” (2014). The paradox, however, is that more disclosure can lead to information overload in a world crowded with good causes (Thrall *et al.*, 2014). Thus, journalists and campaigners try to find ways to attract the attention of the public as well as government officials and regulators.

### How to garner attention in a world crowded with causes – showing why it matters

In the well-known framework outlined by Keck & Sikkink (1998), international advocacy networks use symbolic politics, information politics and leverage politics in order to bring about change. They find potent symbols, they provide information to their audiences and they push governments to sign international agreements and treaties and hold them to these agreements. Part of how such organizations get attention in a world crowded with good causes is by creating ‘salience’ (Hendrix & Wong) (Thrall *et al.*). In other words, NGOs and journalists need to find ways to make the subject of tax avoidance seem like a problem that affects everyone and that society needs to fix (O’Sullivan, 2017; Powers, 2018; Quantrill, 2017; Siu, 2017).

### Creating salience

In his study of the political salience of the Tax Justice Network, Dallyn (2017) contends that, notwithstanding the increased prominence of tax avoidance in media coverage in recent years, existing accounting analyses have done “little to explain how some accounting issues acquire political attention and media coverage.” He emphasizes the important role of newspapers in translating a complex, often-arcane area into one that has general public resonance. This has also been supported through members of TJN contributing stories to journalistic outlets to help increase exposure (see also Shaxson, 2011) and advising politicians about international policy proposals.

Political salience is used by Dallyn to understand how the practice of corporate tax avoidance “emerged as a high profile political issue” (2017). It draws on previous work by Wong (2012) with regard to how and why some accounting issues generate more substantive attention than others; he considers political salience “a concept that operates across different dimensions, so as a heuristic it is best assessed through a compound of indicators” (Dallyn, 2017).

In identifying determinants of tax compliance, several studies find evidence for persuasion effects. For instance, the provision of information regarding the degree of enforcement was found to be linked to compliance (Alm, Jackson, and McKee, 2009; Fellner *et al.*, 2013). Slemrod, Blumenthal, and Christian (2001) showed that taxpayers’ compliance changes in response to letters announcing a thorough examination of their tax returns and Alm, Jackson, and McKee (1993) found that tax compliance is likely to increase if public expenditures are approved by taxpayers. In this vein, the promotion of services and transparency was found to be one promising approach to increase compliance (Alm *et al.*, 2010). Whether this also affects the behavior of high-net-worth individuals who hide money offshore is less clear.

### Tactics of INGOs – showing the ‘human cost’

Both INGOs and journalists use a number of tactics to create salience, some of which overlap. Organizations like the ICIJ and Oxfam, as well as INGOs that focus on public services such as education and health, have tried to frame tax avoidance as a fairness question that has costs for society. Both tax avoidance campaigners and journalists have sought to show how much revenue is being lost through tax avoidance and what else could be done with that lost revenue. By showing the ‘human face’ of tax avoidance, INGOs and journalists hope to show the salience of what may seem, on initial acquaintance, obscure financial jargon (ActionAid, author interview).

One method to achieve this is to make the consequences relatable to broader audiences. For example, *The New York Times* published a story looking at what the US Government could fund if the top 1 percent of the wealthy in the US paid more taxes. According to the article, the lost revenue would be more than enough to provide free undergraduate college for all, free universal pre-kindergarten, fix all of the US highways, or contribute to health care (Cohen, 2015). Other groups like Oxfam, the National Education Association, ActionAid, and Britain's Christian Aid have also quantified the economic effects of tax avoidance, with the NEA noting that of the \$222.7 billion lost to the federal government through tax avoidance schemes, \$9.8 billion would have gone to public schools and colleges, funding academic support for low-income and disabled students, financial aid, pre-kindergarten programs, and jobs in education (NEA, 2011).

In their reporting, the International Center for Investigative Journalists (ICIJ) sought to stress the human cost. The Panama Papers stories included a video showing that clinics in Uganda were short of medicines because of tax avoidance. "We as journalists at ICIJ were very aware that a project like Panama Papers would have limited impact if we didn't try to explain how the offshore world can touch every day lives. We hope we achieved that, at least to some extent," said the ICIJ's Will Fitzgibbon (2018).

Another tactic related to both information and symbolic politics (Keck & Sikkink, 1998) and the notion of the 'human cost' is the tendency by journalists and NGOs to "name and shame" particular companies and individuals. A report by ActionAid (Hearson & Brooks, 2010) named the multinational brewing company SABMiller and shamed them for paying less taxes than the people that sell their beer. Reporters interviewed a Ghanaian beer stall owner named Marta Luttgrodt who was shocked at the discovery, as it became clear that the international tax system was an enabler of injustice.

### *Using high-profile spokespeople*

In keeping with sociologist Clifford Bob's findings about the importance of INGOs using high profile spokesman to gain attention, the key tax avoidance groups have recruited high-profile individuals such as Colombian economist and former trade minister José Antonio Ocampo, Member of the European Parliament Eva Joly, and Nobel laureate Joseph E. Stiglitz to write reports and issue statements on the subject of tax avoidance (Bob, 2009).



According to Toby Quantrill, global economic justice lead at Christian Aid, INGOs have adopted a conscious effort to try to more effectively communicate with the public about the key issues in this area. “We knew that a bunch of NGOs and radicals shouting about ‘new paradigms’ is relatively easy to dismiss in public debate,” he said. “[T]he theory was that by using a group of highly credible and global voices arguing for the depth of change required, then we could begin to shift public assumptions about what can be done. This needs us to be successful in reaching public ears, and policy makers in as many countries as possible, something we are still working out how to do” (author interview).

#### *Timing the release of news, finding and creating news hooks*

In addition, NGOs seek public attention by timing their news releases in the hope that they will have more impact and making sure to relate the “scandal of the moment” to tax avoidance (Powers, 2018). News hooks such as the financial crisis (2007-2008), Brexit (June 2016), and even natural weather occurrences such as Hurricane Irma, which affected the British Virgin Islands during August and September 2017, can help to conjure the requisite salience that can then be wedded to driving attention toward the need for international tax reform. The communications staffers look for any opportunity to tie their case to current events. “[I]n the wake of the international financial crisis and austerity policies, the method was to show that the people were being punished, but MNCs continued to be able to take advantage of generous tax cuts,” said Erika Siu, formerly of the Independent Commission for the Reform of International Corporate Taxation (author interview).

The ICIJ made the release of the news, news itself. All the outlets that worked on the Panama Papers stories were told they had to hold the news and publish on the same day. The ICIJ hoped that by having dozens of outlets publish on the same day, the news of the tax avoidance would receive more attention. They succeeded and then at conferences and in trade publications and interviews for years after, the editors talked about the success of their tactic and hailed the rise of a new form of cross-border collaboration (Garside, 2016; Umansky, 2016). Figure 1 presents a timeline for the major tax scandals of the past six years. The Appendix provides a more detailed list of scandals and outcomes.

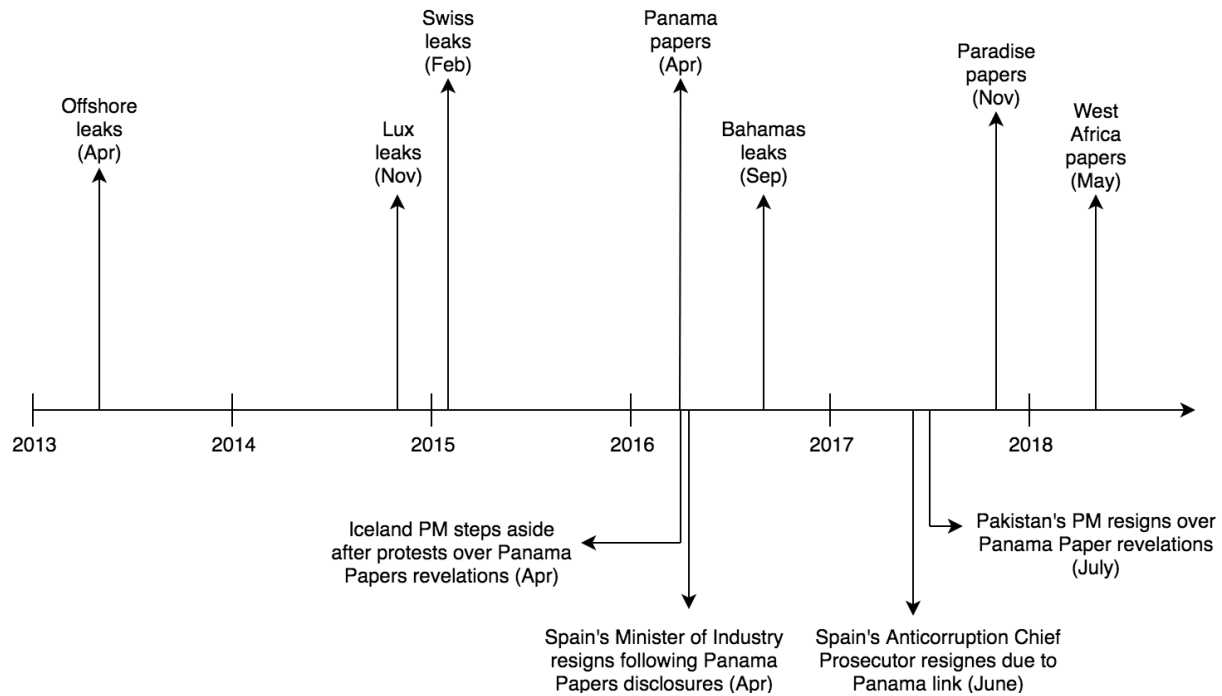


Figure 1: Major leaks in the past six years (see Appendix for more information)

## Methodology

The authors sought to trace the media and social media attention resulting from both the Panama Papers reporting by the International Consortium of Investigative Journalists in 2016 and the NGO campaigns dating from 2010 to 2018. Using data scraping techniques to analyze responses on social media as well as in the mainstream newspapers, we tried to see whether we could attribute changes in discussion to the reporting and the campaigning, in keeping with Protes's second – deliberative – stage of media impact (Protes *et al.*, 1991).

Part of our research involved trying to gauge whether any of the reporting or campaigning using the tactics described above affected the amount and tenor of the press coverage or conversation on social media over time. Accordingly, a corpus of 38,112 online articles published between January 1, 2010 and July 31, 2018 on tax avoidance, tax evasion, and tax scandals was amassed. They were extracted from two sources: Twitter and Google Search results.

It was decided to focus on eight Twitter hashtags and their respective Google search terms (Figure 2). Four were generic and could have been used in different media contexts to support tax reform. The other half are related to major tax scandals of the past eight years. Accordingly,

the timeframe for the specific hashtags differs from the generic ones: they do not start on January 1, 2010, but when the corresponding tax scandal began. Only results and tweets in English were considered for this research.

On Twitter, we looked up the hashtags on Figure 2 and scraped the tweet IDs of the result set. For that, we used browser automation via Python scripts and Selenium. To maximize the result set, we split the overall time frame into smaller time periods of just a few hours, minutes, or even seconds.

Type	Twitter Hashtag	Google search terms	Start	End
generic	#taxavoidance	"tax avoidance"	2010-01-01	2018-07-31
	#taxevasion	"tax evasion"	2010-01-01	2018-07-31
	#taxhaven	"tax haven"	2010-01-01	2018-07-31
	#taxshelter	"tax shelter"	2010-01-01	2018-07-31
specific	#luxleaks	"lux leaks"	2014-11-01	2018-07-31
	#swissleaks	"swiss leaks"	2015-02-01	2018-07-31
	#panamapapers	"panama papers"	2016-04-01	2018-07-31
	#paradisepapers	"paradise papers"	2017-11-01	2018-07-31

Figure 2: *Twitter hashtags and Google search terms*

The default temporal resolution for Twitter’s Web interface is a full day (24 hours). Nevertheless, we discovered that the Web interface also admits Unix timestamps as parameters for searches. Such an alternative is not documented by the platform. With Unix timestamps, we were able to search for tweets with a temporal resolution of just one second.

As a result, we were able to collect a much greater number of tweet IDs: 762,412 for the aforementioned hashtags. With a tool provided by Crimson Hexagon, we determined the total number of tweets that fit our search parameters: 4,477,727. Therefore, our sample represents 17 percent of all tweets that mention those hashtags during the studied period.

The next step was to hydrate those tweet IDs via Twitter API. After hydration, it was possible to access the 69,702 URLs mentioned on those tweets, and they were included in our corpus.

The process for data collection on Google Search was analogous to that for Twitter. Again, browser automation through Python and Selenium was the chosen method to scrape the search results. We also split the time frame into the minimal temporal resolution for Google

Search: one day. That means that we performed 365 searches for each year (366 for leap years).

Tweaking the parameters, we were able to maximize the number of results per search as allowing up to 1,000 results (in fact, very few days, if any, had such a great number of results for our search terms). Such method allowed the collection of 652,577 URLs. They were added to the URLs extracted from Twitter.

Then, it was important to exclude not only duplicated URLs, but also URLs that did not have a true connection with the focus of this paper. For instance, some tweets linked to songs on YouTube that could be reinterpreted as a commentary on a specific tax scandal, although that was not the original intention of the song writer. In such cases, the YouTube videos were excluded from consideration. Another example: On Google Search, the last results in a given search were significantly less relevant than the first results (since relevance is the main criteria for sorting them). Sometimes, they were not relevant at all. For that reason, they were also excluded from the corpus.

Such cleaning process was performed with the help of IBM Watson. One of its packages (Natural Language Understanding) was used to perform a series of routines that included entity recognition, keyword and concept extraction, in addition to sentiment analysis. Each article in our corpus went through this pipeline of natural language analysis. The concepts extracted from the online articles by IBM Watson are based on DBpedia Knowledge Base, a crowd-sourced open knowledge graph. We classified each concept present in our database as 'tax-related' and 'non-tax-related'. Only texts that had at least one 'tax-related' concept were included in our analysis. In this manner, IBM Watson was used to clean the corpus.

Finally, we decided to collect the Facebook engagement for each one of those URLs to serve as a proxy for article reach and influence. A Python script was responsible for calling the Facebook Graph API and adding the engagement data to the corpus.

## **Results and discussion**

Measuring journalism's impact is a question that has traditionally bedevilled the profession. Among other factors, correlation does not necessarily imply causation, and attribution problems make it difficult to know what causes change in a society and why a problem that has existed for decades is suddenly addressed by government. Was it because of news reporting? Behind-the-scenes campaigning? Voter dissatisfaction? In their seminal work, *The Journalism of Outrage*, Protess and his co-authors argue the impact of journalism coverage can be

revealed over time and in three phases: individualistic, deliberative and substantive (Protess *et al.*, 1991). In this way, the impact of a piece of investigative reporting on an individual can be transformed into a broader discussion about how to address the problems revealed by journalists and then, eventually, into policy change. Accordingly, this paper takes the Protessian model of impact and seeks to apply it to the global discussion on tax avoidance.

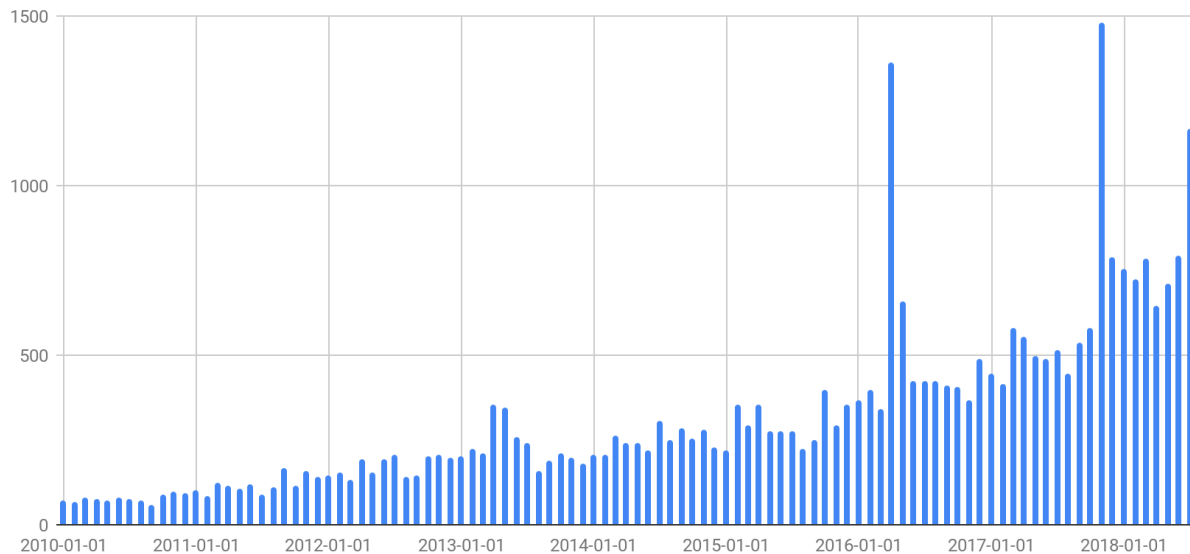


Figure 3: *Number of online articles per month for generic search terms and hashtags*

In general terms, the observed results were coherent and in line with the authors' initial expectations. At a macro level, Figure 3 shows a clear, relatively steady increase in the level of online articles related to tax avoidance/evasion/reform over the assessed period. While there were expected spikes associated with the various leaks and certain other events, there was no evidence of a singular turning point or 'moment' at which overall interest took off and settled at a consistently higher level. Rather, given that the rise appears to be relatively constant, this suggests that interest is being sustained over time and that the ongoing publishing of articles is itself generating further attention in this space. Such 'organic' growth implies greater resilience for the staying power of this issue over the medium-term than a simple spike in the data, because it signals rising interest in the subject overall – a desire for information, which is addressed by an accompanying increased level of news production and commentary.

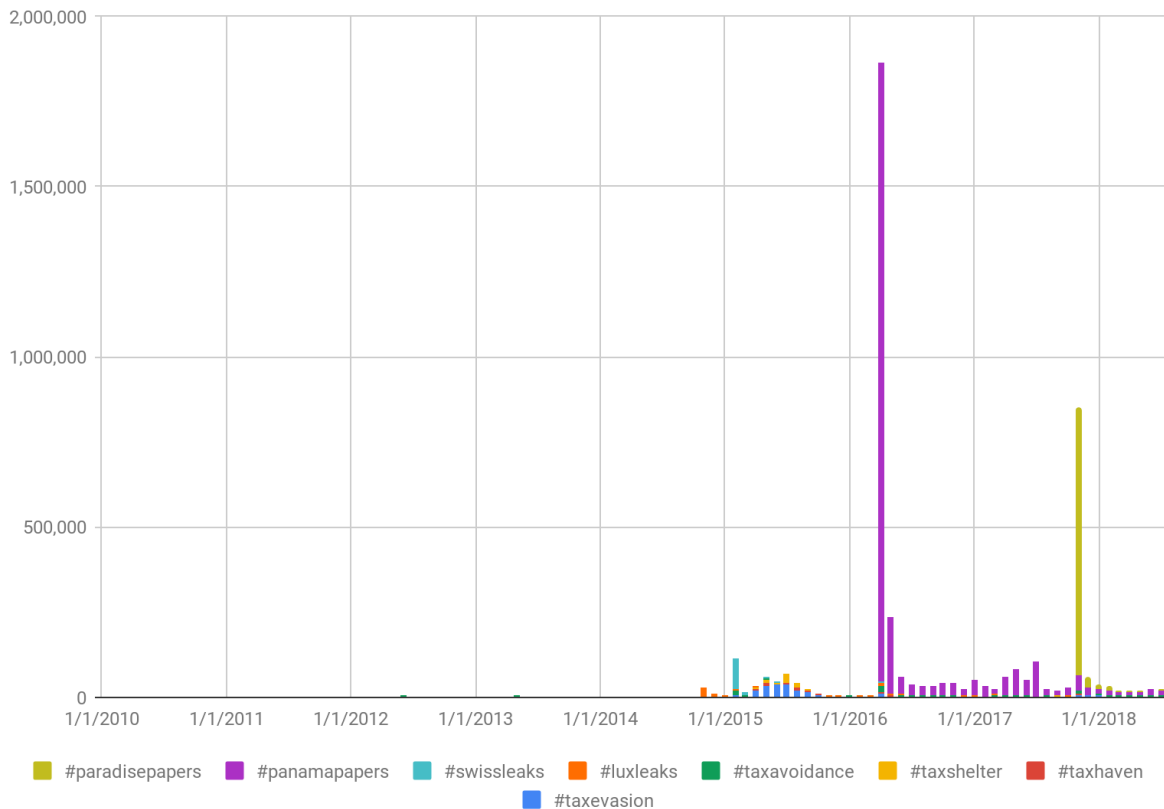


Figure 4: Number of tweets per month for all hashtags (data from Crimson Hexagon)

Figure 4 shows how news coverage of the major tax scandals were enormously successful in grabbing media attention. In fact, the campaigns organized by INGOs (that usually resorted to the generic hashtags #taxavoidance, #taxevasion, #taxshelter and #taxhaven) dwindle in comparison to the media storm in the aftermath of the Paradise Papers and, especially, the Panama Papers. In fact, Figure 4 reveals that, in the following months, there continued to be a sizeable amount of attention dedicated to the Panama Papers revelations.

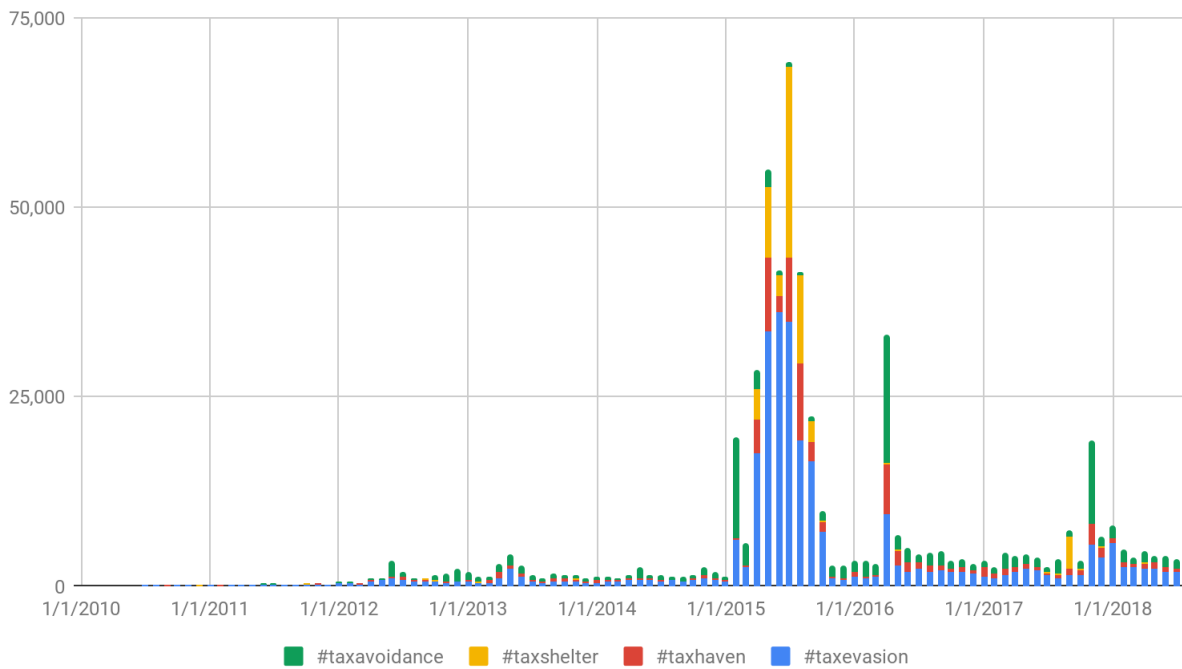


Figure 5: *Number of tweets per month for generic hashtags (data from Crimson Hexagon)*

However, the generic hashtags (#taxavoidance, #taxevasion, #taxshelter and #taxhaven) are useful to identify both the efforts of INGOs to promote change, and the consequent legal and political developments. Figure 5, for instance, reflects various directives from the European Union in the wake of the Lux and Swiss Leaks, with key spikes for subjects including tax shelters, havens and evasion taking place in the first half of 2015 – shortly after Swiss Leaks broke in February of that year. Notably, the majority of these tweets emanated from EU domains, reflecting their focus on the European Commission crackdown at this time.

According to Will Fitzgibbon, senior reporter at the ICIJ, there is “no doubt” that reporting, along with the disclosure of names, led to reforms and resignations, including that of Iceland’s Prime Minister Sigmundur Gunnlaugsson, as well as Dr Michael Grahammer, CEO of Austrian bank Hypo Vorarlberg. “Especially in Europe, there were resignations not because they admitted wrongdoing, but because the ‘look and feel’ of being associated with [the] Panama Papers was so off,” Fitzgibbon said in an email interview. “There is little doubt in many people’s mind that the decision of the Government of Panama to sign up to more international tax information exchange agreements was also related to the Panama Papers. The German parliament also passed the so-called ‘Panama Law’, which I think speaks for itself, at least in terms of branding and governments wishing to be seen to respond” (author interview).

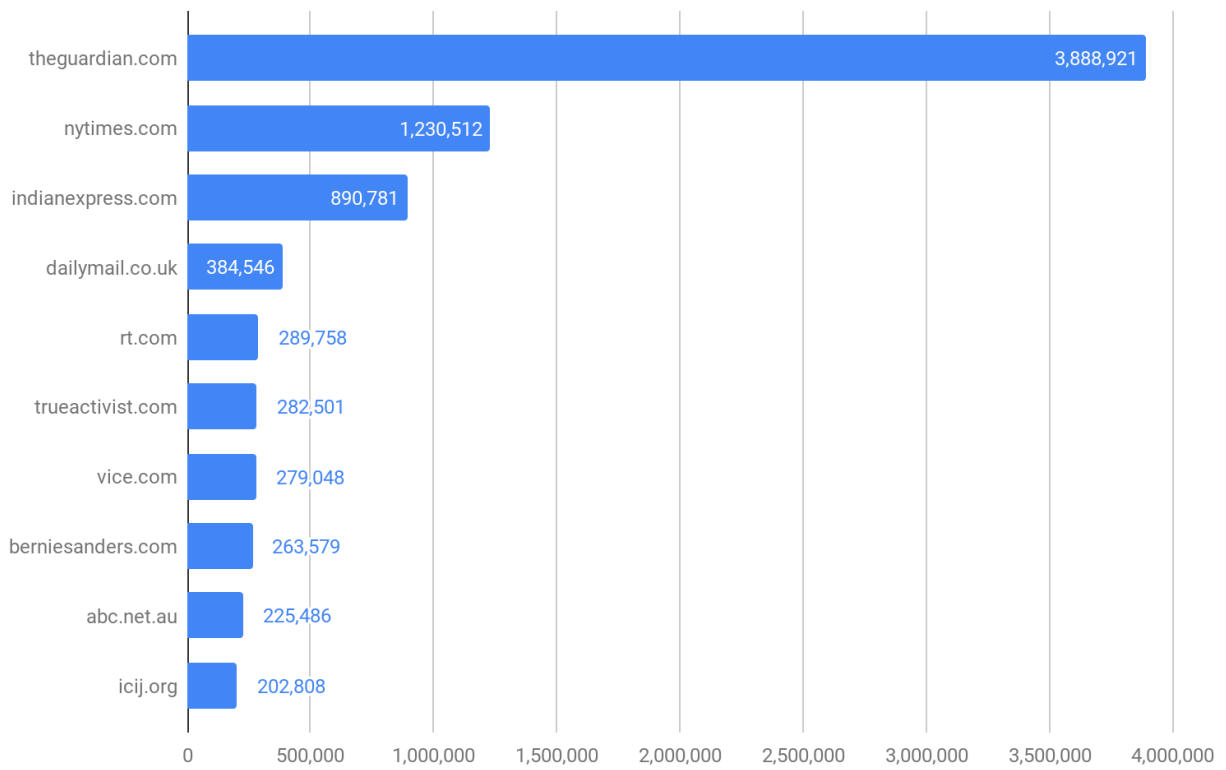


Figure 6: Top 10 domains by Facebook engagement on tax-related articles

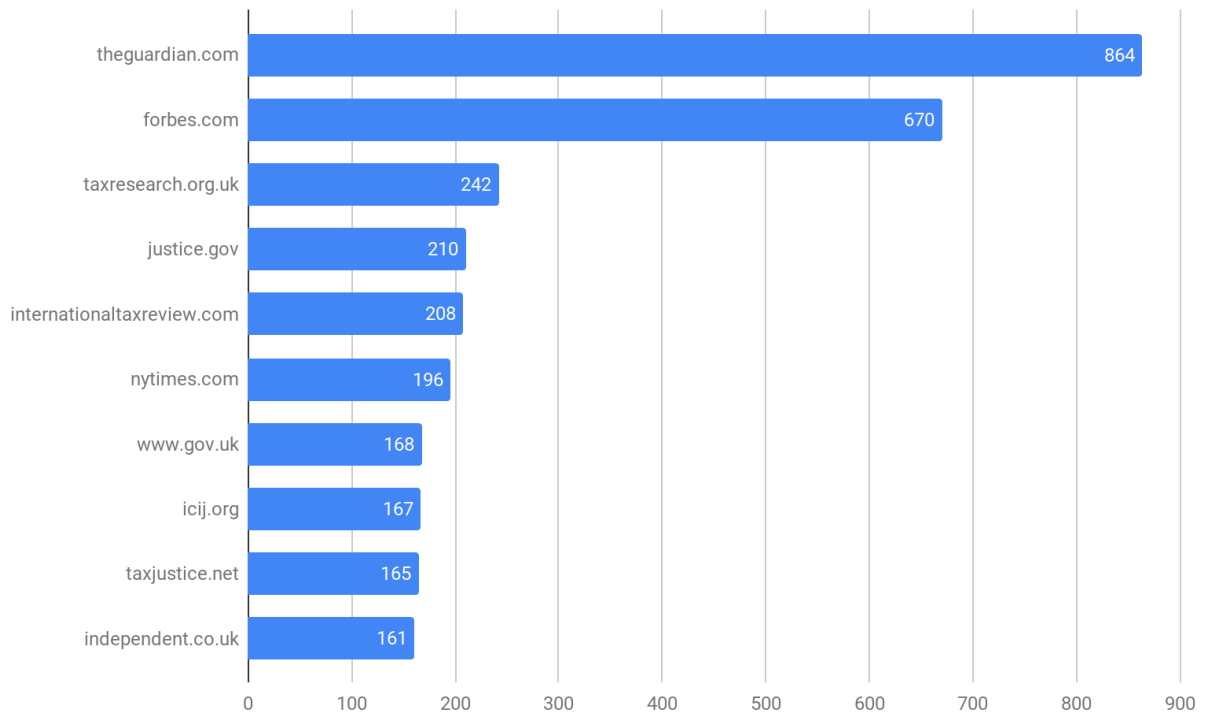




Figure 7: Top 10 domains by number of articles on tax-related articles

Figure 6 and Figure 7 show the top-ranked domains for tax articles, by overall number and Facebook engagement. Both show heavy prominence for reporting by *The Guardian*, which gave the issue a high degree of billing, and could be considered the lead English-language narrative driver on this topic. Along with the BBC, the paper was a leading English-language partner in the Panama/Paradise Papers project, along with *Süddeutsche Zeitung*, *Le Monde*, *SonntagsZeitung*, *Falter*, *La Nación*, German broadcasters NDR and WDR, and Austrian broadcaster ORF. The paper also has a strong online presence and no paywall, two factors that would help its stories generate high levels of impact both in and of themselves and through social media shares.

Notable, however, is the prominence in shares of *The Indian Express* – a national daily Indian paper which took a leading role in promulgating details of the Panama and Paradise leaks and published numerous articles based on them (258 based on the Panama Papers, 72 from the Paradise Papers), as well as collaborative work on Swiss Leaks. To some extent, their high ranking may be a function of the simple volume of traffic – India’s large population means that a major international story such as this with multiple local angles will likely result in a high level of traffic. Nonetheless, the notably prominent results suggest ongoing interest in this story amongst Indian readers, as does the paper’s dedication to publishing such a large number of stories on the subject – perhaps also influenced by the significant number of prominent Indian public figures named in the Papers.

The precise role of international NGOs in driving narrative is somewhat obscured. It is to be expected that mainstream media publications would outrank articles published by INGOs (Figure 6 and Figure 7). The INGOs were involved in exposing tax avoidance years before the Panama Papers was published but they did not spend a lot of time on social media (author interviews). This is reflected in the corpus as the news reporting seemed to generate more interest online than did the earlier INGO campaigns. Much of the INGO effort was behind the scenes and involved negotiation with government officials. It may be that the INGOs paved the way by raising awareness but the reinforcement from the media reporting had more immediate results of forcing government officials to resign and call for parliamentary hearings.

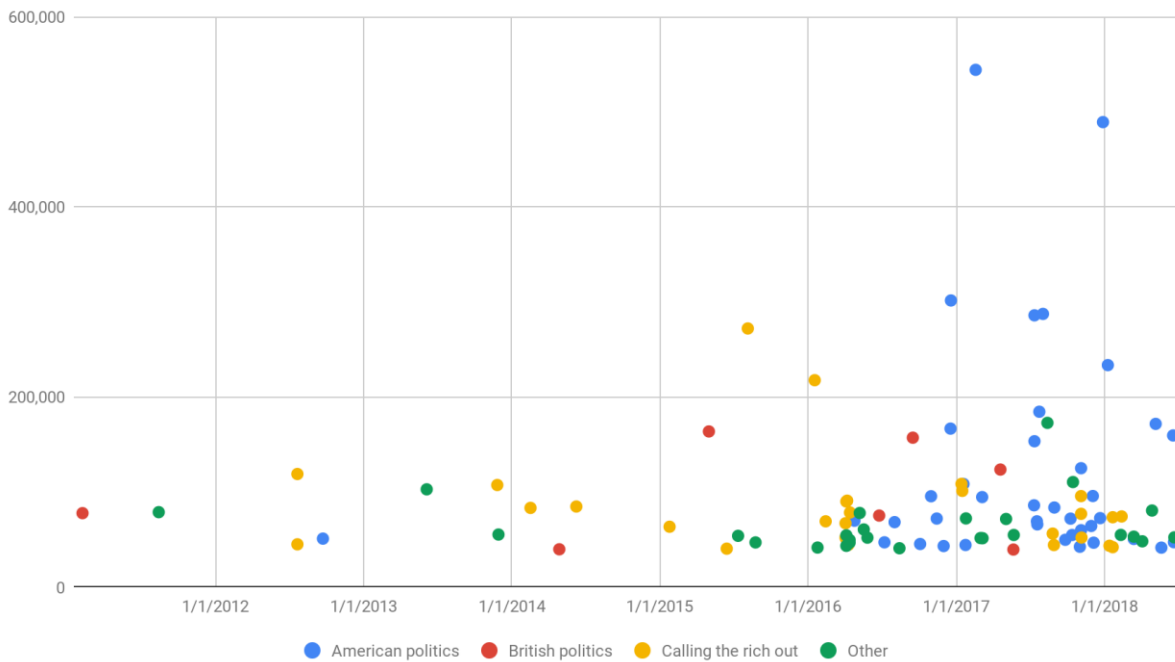


Figure 8: Facebook engagement of the top 100 articles

The political campaign of Bernie Sanders gave visibility to the problem of tax avoidance, evidenced by Sanders’ site being the eighth-highest ranked website as shared on social media (Figure 6), while the refusal of President Trump to release his returns allowed the media a news hook to keep returning to the issue. In fact, Figure 8 shows that tax avoidance/evasion articles became prominent in the US since the 2016 presidential election. The blue dots are comprised by articles on Trump’s tax reform, his refusal to release his returns, and the alleged links of his businesses and aides to tax scandals. To some extent, Trump and his aides brought the topic of tax avoidance and evasion on to the national agenda. Interestingly, those are the articles with the highest level of Facebook engagement in our corpus.

	From Oct 2015 to Mar 2016		From June 2016 to Nov 2016	
Rank	Concept	N. of texts	Concept	N. of texts
1	Tax	1984	Tax	2187
2	European Union	134	European Union	209
3	Bank	67	Crime	50
4	British Virgin Islands	48	Capital gains tax	27
5	Transfer pricing	39	Prison	22
6	Wealth	36	New Zealand	20
7	Poverty	34	Africa	19
8	Crime	27	Narendra Modi	18
9	Australia	25	FC Barcelona	17
10	Hedge fund	21	Al Capone	15
11	Business	21	Jury	15
12	Bar Refaeli (Israeli top model)	17	La Liga	15
13	Human rights	17	Big Four auditors	13
14	Inheritance	16	Insurance	13
15	Employment	16	Deposit account	12

Figure 9: Most prevalent concepts before and after the Panama Papers (April and May 2016)

Similarly, Figure 9 shows a clear evolution in the topics discussed in the six-month period preceding and immediately following the Panama Papers leak. While many of the key concepts remained constant, there was a noticeable increase in the prominence of negatively-charged concepts, including ‘crime’ (in conjunction with ‘jury’), ‘prison’ and ‘Al Capone’. Other concepts that included negative charges included mentions of FC Barcelona and La Liga (referencing footballer Lionel Messi’s name appearing in the Papers), and Indian Prime Minister Narendra Modi, who saw people close to him implicated in the leaks, and was also the leader of a country which saw a relatively large number of high-profile individuals exposed by the leaks.

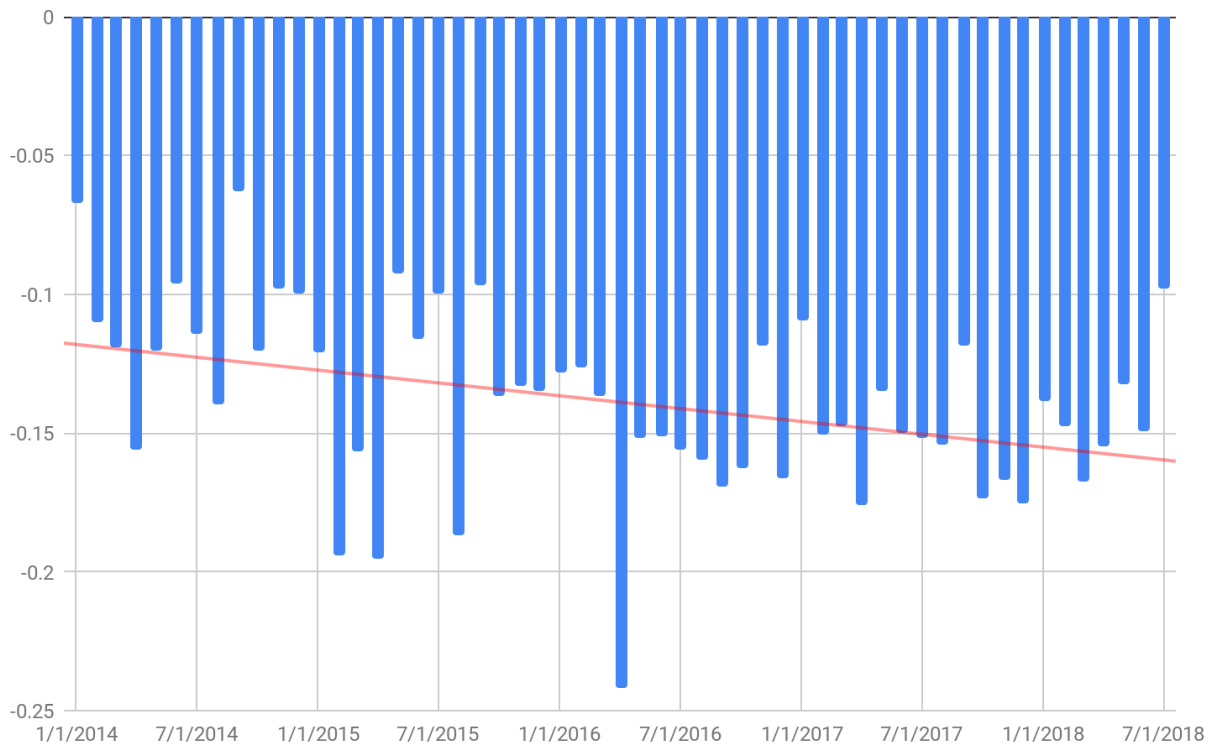


Figure 10: *Monthly average sentiment score for tax-related articles (calculated by IBM Watson)*

The authors also conducted sentiment analysis on the corpus, as seen in Figure 10, which displays the calculated average sentiment of the articles month-by-month. At no stage did the sentiment analysis tick into positive territory, suggesting that most of the coverage retained a ‘negative’ slant. In more detail, it means that the words used to talk about tax havens and shelters, tax avoidance and tax shelters were ‘negative’ words, or associated with negative feelings (such as disgust, anger, sadness and so on). The most prominent ‘low’ coincided with reportage of the Panama Papers (first half of 2016), while Swiss Leaks (early 2015) also marked another notable spike in negativity. The trendline depicts an increasing level of negativity over the assessed period, indicating that language became more negative when people referenced this issue.

While raising awareness and generating outrage are not enough on their own to bring about policy change, they can certainly create the groundwork for such policy change to happen. This has certainly been the argument advanced by the INGO campaigners. In his seminal cost-benefit analysis of investigative journalism, James T. Hamilton notes that the stage two deliberative impact outlines by Protess *et al.* can lead to stage three which is substantive change. Given that tax avoidance has existed for decades, it certainly appears that the

increased attention in the media and the naming-and-shaming process catalyzed the government response that appeared shortly after.

However, while journalists were pleased with the degree of attention garnered, activists were disappointed by some of the regulatory changes, such as the OECD response on BEPS mentioned above, which fell short of what the INGOs had sought. Nevertheless, according to Toby Quantrill, the raised awareness will make it “much easier to find opportunities to test and promote new policy ideas, which might in the past have been very hard to ‘sell’ outside a tiny circle of technical experts” (Quantrill 2017).

## **Conclusion**

Measuring the impact of media reporting is extremely difficult, in part because of attribution difficulties and the complexity of establishing causation (Napoli, 2014; Lublinski, 2015; Napoli, 2014; Schiffrin & Zuckerman, 2015). In the case of the campaigns and reporting on tax avoidance, it is relatively easy to see whether discussion on social media increased and more newspaper articles appeared. A causal link between a newspaper report and the resignation of a government official can be made. But it is far more difficult to know, from a distance, whether a regulatory change was made in response to press coverage or campaign, or whether it was already in the making.

What has become clear, however, is that discussions of tax avoidance have real-world implications. Allegations of corruption have affected trust in institutions and perception of corruption have affected recent elections in Brazil as well as in the US. The current literature on the effect that perceptions of corruption have on voting results and turnout is unclear but future research may be able to interrogate these in greater detail (LG Bedolla, 2018).

Currently, tax issues are broadly featured in the media and a substantial part of the debate deals with the trustworthiness and power of authorities. Earlier studies have evaluated behavioral responses to media coverage. In a much-debated paper, that summarized empirical evidence on persuasion effects, DellaVigna and Gentzkow (2010) find predominantly no or only small effects of political communication. A field experiment by Gerber, Karlan, and Bergan (2009) revealed that exposure to newspapers had no effect on political knowledge or stated opinions, but an increase in voter turnout. This is in line with previous findings that state extensive newspaper coverage causes positive turnout effects (Gentzkow, 2006). Moreover, Gentzkow and Shapiro (2010) showed that newspaper readers have a preference for like-minded news, which incentivizes newspapers to adapt to their consumers’ ideologies.

Future researchers may want to understand the role that perceptions of corruption have on elections and how INGO campaigns and media reporting can lead to solutions for the problem of tax avoidance rather than greater distrust in the political system. Tactics are in question here too. Both the INGO campaigning on tax avoidance and reporting such as the Panama Papers relies on 'naming and shaming' as a mechanism to encourage behavior change and changes in policy. But will these tactics still work in the future? Does the polity become inured to such allegations if they are heard repeatedly in the same way that compassion fatigue sets in (Moeller 1999; Hafner-Burton 2008; Schiffrin 2014). Given that much of the reporting has been cross-border and in multiple languages, further research will need to focus on different regions and languages in order to understand the full magnitude of the campaigns and media coverage.

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## Appendix

### Timeline of campaigns, reporting and impacts on tax avoidance by Lucas Narotzky, Tax Justice Network

#### Leak summary

Date	Name	Documents	Size
April 2, 2013	Offshore Leaks	2.5 million	260 gigabytes
November 5, 2014	LuxLeaks	548 tax rulings	4.4 gigabytes
February 8, 2015	SwissLeaks	60 000 files	3.3 gigabytes
April 4, 2016	Panama Papers	11.5 million	2.6 terabytes
September 20, 2016	Bahamas Leaks	1.3 million	N/A
November 5, 2017	Paradise Papers	13.4 million	1.4 terabytes
May 22, 2017	West Africa Leaks	N/A (from previous leaks)	

#### Videos released (documentaries/investigative)

- Gangster's Dirty Money ([BBC One](#) – April 2018)
- Cash investigation – Elise Lucet
  - Les nouvelles révélations des Panama Papers ([France 2 – February 28, 2017](#))
  - Paradise Papers: au coeur d'un scandale mondial ([France 2 – November 7, 2017](#))
- Dark Money ([October 1, 2018](#))
- The Money Deluge ( [DW Documentary – July 4, 2017](#))
- The Spider's Web: Britain's Second Empire ([May 5, 2017](#))

#### Transnational Campaigns

- ICRICT (Independent Commission for the Reform of International Corporate Taxation)
  - Coalition among 11 organisations launched in [2014](#)
  - Commission launches meetings on [18 March 2015](#)
- OECD's Base Erosion and Profit Shifting
  - Action Plan on BEPS (February [2013](#))
  - G20 / Central Bank Governors' [mandate](#) for the Multilateral Instrument (MLI) (February 2015)
  - BEPS Final Outputs ([October 2015](#)) – G20 Finance Ministers [endorsement](#)
  - MLI negotiations concluded – signing process is engaged ([24 November 2016](#))

- Action 15: MLI Status of Signature/Ratification/Entry-in-force [by country](#)
  - Jurisdictions having ratified the MLI:
    - Austria (22-09-2017)
    - Isle of Man (25-10-2017)
    - Jersey (15-12-2017)
    - New Zealand (27-06-2018)
    - Poland (23-01-2018)
    - Serbia (05-06-2018)
    - Slovenia (22-03-2018)
    - Sweden (22-06-2018)
    - United Kingdom (29-06-2018)
  - Action 13: Information Exchange under the MCAA (Country-by-Country reporting)
    - [Legal status by country](#) / [bilateral exchanges](#)
- Platform for Collaboration on Tax ([April 2016](#))
  - Participating institutions: IMF, OECD, UN, World Bank Group
  - [Mission](#): sustainable development goals (SDG's) via the strengthening of international tax cooperation
- EU Comm Action Plan for Fair and Efficient Corporate Taxation in the EU ([June 17, 2015](#))
- EU Comm Action Plan – (February 2016) “The Commission presented an Action Plan to strengthen the fight against terrorist financing in 2016, which also responds to the Panama Papers revelations” ([factsheet 5AML](#)) ([The Action Plan](#)).
- FATF Recommendations:
  - Oct 2001 – Eight Special Recommendations (CTF)
  - June 2003 – Revision of Recommendations (AML/CTF)
  - October 2004 – Nine Special Recommendations (AML/CTF)
  - February 2012 – [Standard Review](#) (AML/CTF)
- Anticorruption Summit London
  - Held on [12 May 2016](#)
  - Global Declaration Against Corruption on 12 May 2016, updated [9 December 2016](#).

### Legal action

- Panama:
  - Expert Committee on financial transparency launched on [April 2016](#)

- United States:
  - Foreign Account Tax Compliance Act ([FATCA](#)) – HIRE act March 18 2010
  - [July 2012 Senate hearing](#) on HSBC
- European countries:
  - PANA committee launched in [June 2016](#) (timeline of meetings [here](#)).
  - France:
    - Inquiry committee on tax evasion, report delivered on [July 17 2012](#).
    - Parliament passes law in reaction to Cahuzac tax evasion case, requiring wide range of financial disclosures for public officials ([September 17, 2013](#))
  - Spain: Constitutional court rejects fiscal amnesty for tax evaders, previously approved by M. Rajoy's Government in 2012 ([June 9, 2017](#)).
  - UK:
    - Treasury Sub-committee launches Tax Avoidance and Evasion Inquiry on [April 19, 2018](#).
    - **Beneficial Ownership registries** for all British Overseas Territories ([May 1, 2018](#))
  - Ireland: Irish Revenue authorities announce new inquiry on offshore evasion, [November 11, 2017](#).
- European Union
  - State Aid cases
    - Extension of State Aid processes
      - State Aid Modernisation initiative ([May 8, 2012](#))
      - New information Request tools Regulation 734/2013 ([July 22, 2013](#))
    - Formal Investigations launched:
      - Apple in Ireland + Starbucks in the Netherlands + Fiat Finance & Trade in Luxembourg ([June 11, 2014](#))
      - Amazon in Luxembourg ([October 7, 2014](#))
    - Resulting sanctions/ reimbursements:
      - Luxembourg
        - Fiat Finance & Trade / €20-30 million ([October 21, 2015](#))
        - Engie (GDF Suez) / €120 million ([June 20, 2018](#))
      - Netherlands

- Starbucks Manufacturing / €20-30 million ([October 21, 2015](#))
  - Ireland
    - Apple / €13 Billion ([August 30, 2016](#))
- Anti-Tax Avoidance Package, [January 2016](#)
  - Council Directive (EU) 2016/1164 of [12 July 2016](#) laying down rules against tax avoidance practices that directly affect the functioning of the internal market
- AML Directives (3rd AMLD on 26 May 2005)
  - 4AML Directive ([May 20, 2015](#)) – tax advisors and accountants targeted with new KYC and DD requirements
    - Beneficial Ownership [amendment](#)
  - 5AMLD ([April 19, 2018](#) – to be passed by the EU Parliament) – public beneficial ownership registries for companies/partnerships/trusts, control of cryptocurrency transfers
- [Directive on Administrative Cooperation](#) (Directive 2011/16/EU of [February 15, 2011](#)):
  - Amendments:
    - Directive 2014/107/EU, introducing automatic exchange of financial account information ([December 9, 2014](#)) – (similar regulations entered by agreement with Andorra, Liechtenstein, Monaco, San Marino, Switzerland)
    - Directive 2015/2376/EU on automatic exchange of tax rulings and advice pricing agreements ([December 8, 2015](#))
    - Directive 2016/881/EU on automatic exchange of C-b-C reports ([May 25, 2016](#))
    - Directive 2016/2258/EU ensures tax authority access to beneficial ownership information ([December 6, 2016](#))
    - Entry into force of Directive 2011/16/EU ([January 3, 2018](#)), giving national tax authorities access to information on the beneficial owners of companies, trusts and other entities, as well as customer due diligence records of companies
    - Directive 2018/822/EU on automatic exchange of reportable cross border arrangements ([May 25, 2018](#))

## Politicians resigning

- Australia
  - Michael Cranston (Dep. Commissioner of the Australian Tax Office) resigns on [June 13, 2017](#), after being charged with abuse of public office and tax fraud.
- United States
  - Michael Grimm (HoR congressman) resigns on [December 30, 2014](#), after pleading guilty to charges of felony tax evasion.
  - Demesia Padilla (New Mexico taxation and revenue secretary) resigns on [December 15, 2016](#), over allegations of tax evasion and embezzlement, for which she is later [charged](#).
  - Thomas Katsiantonis (New Hampshire State Rep.) resigns on [January 3, 2018](#), after being [sentenced for tax fraud](#).
  - Michael W. Gates (Arkansas H Rep.) suspended [on June 28, 2018](#), by the House Speaker, after [arrest for tax evasion](#).
  - Darryl de Sousa (Baltimore Police Commissioner) resigns on [May 15, 2018](#), over unfiled tax returns.
- France
  - Jérôme Cahuzac (Minister of Budget) resigns on [March 19, 2013](#), resigns following disclosure of his implication in judicial proceedings relating to laundering of tax evasion proceeds.
  - Thomas Thévenoud (cabinet secretary – “ministre d’État”) resigns on [September 4, 2014](#), after revelations of unpaid taxes.
- Italy: Josefa Idem (Minister of Sport and Youth) resigns on [June 24, 2013](#), following accusations of unpaid real estate tax from 2008 to 2011.
- Iceland: Sigmundur Davíð Gunnlaugsson (PM) resigns on [April 5, 2016](#), following Panama Papers disclosures.
- Israel
  - Dan Mor (Tel Aviv Magistrate’s Court judge), resigns on [October 3, 2011](#), resulting from investigations over unpaid taxes.
- Czech Republic
  - Bohuslav Sobotka (PM) resigns as party leader on [June 14 2017](#), over EU subsidy fraud and tax avoidance linked to Finance minister Andrej Babis.



- Czech Parliament votes to remove immunity for PM Andrej Babis on [January 19, 2018](#), in order to prosecute the billionaire for using offshore entities to escape tax and allow for the fraudulent use of EU subsidies.
- Spain
  - Jordi Cañas (Catalan MP) resigns on [April 24, 2014](#), after being charged with tax fraud.
  - José Manuel Soria (Minister of Industry, Energy and Tourism), resigns on [April 15, 2016](#), following Panama Papers disclosures.
  - Federico Perez Oteiza (Regional Party coordinator – Ciudadanos), resigns on [April 17, 2016](#), following public disclosure of his links to companies in Panama, although not being mentioned in the Panama Papers.
  - Manuel Moix (anti-corruption chief prosecutor) resigns on [June 1, 2017](#), after disclosure of his ownership of shares in a Panama company used to legally evade inheritance taxes.
  - Màxim Huerta (Minister of Culture and Sport), resigns on [June 13, 2018](#), following [media disclosure](#) of his 2006-2008 tax evasion activities.
  - Willy Meyer (Euro Parliament MP), resigns on [June 25, 2014](#), after [media disclosure](#) of tax avoidance activities via Luxembourg.
- Romania
  - Mariana Vizoli (State Secretary in the Ministry of Finance), resigns on [21 October 2016](#), after being placed under investigation in the [Murfatlar tax evasion case](#).
  - Daniel Diaconescu (Tax agency anti-fraud chief) resigns on [21 October 2016](#), after being placed under investigation in the Murfatlar tax evasion case.
  - [PM resigns](#) over deadly nightclub fire & tax fraud & corruption.. Nov 4, 2015.
- Pakistan: Nawaz Sharif (PM), resigns on [July 28, 2017](#)
- Malaysia:
  - Najib Razak (PM) **and 8 other politicians**, resign [on 12 to 24 May 2018](#), following disclosure of 1MDB fraud, where officials misappropriated billions in public funds through and offshore network of companies.
  - Muhammad Ibrahim (Central Bank Governor) resigns on [June 6, 2018](#), resulting from accountability linked to 1MDB scandal.
- Germany: Helmut Linssen (Treasurer of CDU) resigns on [February 6, 2014](#), facing tax evasion accusations.

- Greece: Angela Gerekou (deputy Tourism Minister) resigns on [May 17, 2010](#), over tax avoidance linked to her husband.
- UK: David Heaton, resigns on [September 14, 2013](#)
- Guatemala: Otto Pérez Molina (President) resigns on [September 3, 2015](#), following the issuance of an arrest warrant linked to a corruption / tax fraud case.
- Costa Rica
  - Fernando Herrero Acosta (Ministro de Hacienda) resigns on [April 1, 2012](#), after revelations relating to fraudulent filings from 2009 to 2010.
  - Ofelia Tatelbaum (Ombudswoman) resigns on [July 7, 2014](#), after judicial authorities launch investigation for tax fraud.
- Canada:
  - Sukh Dhaliwal (member of parliament) resigns on [February 8, 2013](#), over tax evasion allegations.

#### **Politicians losing support**

- Australia: Malcolm Turnbull (PM), Liberal Party loses 14 seats in the [July 2, 2016 federal election](#).
- Malaysia: Najib Razak (PM, son named in Panama Papers), loses general election on [May 9, 2018](#)