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EFFECT OF CORONA VIRUS DISEASE (COVID 19) PANDEMIC ON OFFSHORE BANKING AND TAX HAVENS

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ABSTRACT
This study took a look at the effect of the devastating effect of the current Covid-19 on the operations of offshore banking and tax havens. The methodology for the study is discussive. It covered the various aspects of offshore banking and tax havens. The second part of the study looked at how the rampaging Covid-19 pandemic has affected and will continue affect offshore banking and tax havens. The study noted some perceived advantages and disadvantages of offshore banking and tax havens. The Covid-19 as at present has emphasized the disadvantages especially tax havens. It is recommended that developing countries take up stringent policies against both since they have not benefitted them. Offshore banks and tax havens in the main have aggravated endemic corruption and looting of public funds in developing countries.
Keywords: *Offshore banking, offshore financial centres, tax havens, tax jurisdictions, tax evasion/avoidance, Covid-19 pandemic.*

INTRODUCTION

Economics has it that financial intermediation developed to deal with unintermediated finanee, which is akin to barter system. Here exchange of goods and services were done by barter or direct exchange of goods and services for goods and services. With development of money, financial services and institutions developed. Financial institution in form of banking first developed in the Italian cities of Venice and Genoa. As Shaxson (2011) observed, financial intermediation developed from local setting to international scene. The development to foreign sector gave rise to emergence, in parts, of offshore banking and tax havens.

OFFSHORE BANKING AND TAX HAVENS

We note that banking in its early stages started from activities of goldsmiths in the ancient Italian cities of Venice and Genoa. With passage of time banking, became worldwide activities. Offshore banking develops when a bank operating in one nation or jurisdiction goes to serve residents in another nation, often for the benefit of non-residents in another country. That means that when a person or corporate entity opens and operates a foreign account in another country often we say he has offshore banking account. Such accounts are often noted to operate in tax haven countries. Henry (2011) and Narajan (2010) observed that offshore banking has generally been associated with underground economy, opaque situation, organized crime and also associated with proceeds of organized crimes, tax evasion and avoidance and money laundering.

We are going to tackle the topic by looking at the nature and scope of offshore banking, benefits of and failures of offshore banking, regulation of offshore banks, offshore centres (OFCs), some known locations of OFCs, Tax Aavens, advantages and disadvantages. Therefore, look at corona virus disease otherwise called COVID 19 pandemic and consider how the global plague is affecting the entire world. We conclude with informed guesses about how COVID 19 pandemic is affecting the opaque offshore finance and tax havens.

NATURE AND SCOPE OF OFFSHORE BANKING

It is believed that offshore banking constitute a large portion of the international financial system. The Guardian Newspaper (2012) of UK opine that some 50% of global capital flows go through offshore centres operating in tax havens. The paper further estimates that over £20million is hidden away in offshore banks. Furthermore, Bank introduction.com (2012) states that over US $3 trillion is held up in offshore accounts in tax havens. It is reported that among offshore banks, Swiss banks hold over 35% of global private and institutional funds with the Cayman Islands holding US $1.9 trillion in US deposits. As part of offshore business, there are financial centres who operate in association with lawyers, accountants and taxation experts.

Most financial services such as savings, investment – portfolio management, foreign exchange credit and many other financial services are obtained from offshore banks. However most of these services are hidden hence the statement that they operate in opaque circumstances.

Sinha and Sirvastrava (2012) reviewed the nature and scope of offshore banking. They are of the view that such a bank is set up in offshore jurisdiction or financial centre so that a foreign company can operate there and obtain a banking license to operate banking services for non-residents. Usually, the nations where the banking license is procured for offshore operations are known to have very low or nil tax liabilities. The implication is that accounts holders in offshore banks take the opportunity of lowering their tax liabilities. By this they largely avoid paying taxes in their home countries. Secrecy, privacy, assets production and high returns on investments and many other seeming gains are the main attraction to foreign nationals to bank offshore. Apart from investors, tax reduction or evasion and avoidance, offshore banks are very attractive to African leaders including Nigerian politicians. Stolen money from public treasuries are safely stored in offshore banks. It goes without saying that offshore banks have become well known for tax evasion, tax avoidance and money laundering.

SEEMING BENEFITS OF OFFSHORE BANKING

Offshore banking provides some benefits or advantages to the banks and accounts holders.
Some of them are stated below and we note they are not universal.

i. Offshore banking jurisdictions provide top secrecy about the affairs and details of their customers. Disclosures are not required.
ii. Offshore banks usually pay interest without deducting withholding tax or other taxes on interest income and dividends. This is contentious because hiding and non-deduction of taxes is associated with tax evasion and tax avoidance. This twin evil (so to speak) raises eyebrows in a nation's tax system.
iii. Another point is that offshore banking affords depositors easy access to their deposits because of lower level or minimal regulation in the offshore country.
iv. Some offshore banks make higher returns by way of paying higher interest rates on deposits.

v. It is also believed that offshore banks, sometimes, provide access to politically and economically stable jurisdictions. This is particularly advantageous for residents in areas where there is risk of political upheaval, who fear their assets may be frozen or confiscated.
vi. Some offshore banks provide banking services that may not be obtained from domestic banks. This is particularly so since exchange rates restrictions are not there.
vii. Offshore banking is, sometimes, linked to other structures such as offshore companies, trusts or foundations which may have some tax advantages.
viii. Proponent of offshore banking claim that the existence of tax and banking competition allows people to choose appropriate balances of tax and services.

SEEMING DISADVANTAGES OF OFFSHORE BANKING

Offshore banking has been perceived to have some disadvantages such as:

i. Often accounts are opened without all relevant information. This implies that Know Your Customer (KYC) principles are ignored. It is even said that some companies open accounts using only post office numbers (Murphy, 2011).
ii. Offshore banking has often been associated with underground economy, organized crime and money laundering.
iii. Offshore bank accounts are, sometimes, not secure. Under banking crises, a lot of deposits may be lost. This, in some jurisdictions, necessitates the establishment of deposits insurance as in case of onshore banking where National Deposits Insurance Corporation (NDIC) is established. (Panama Poppers, 2015).
iv. Offshore private banking is normally more accessible to high net worth individuals and incomes because cost of running offshore accounts is very high. But the gains in secrecy appear to outweigh the disadvantages.
v. Offshore bank accounts are often claimed to be a solution to some legal, financial and assets protection strategy.

REGULATION OF OFFSHORE BANKS

Recently, regulation of offshore banking has been stepped up although to a large extent inefficient. From late 1990s especially after 11th Sept. 2001 terrorists attack in the US popularly called September 9/11, there are initiatives to increase the transparency of offshore banking. Prior to the introduction of regulation, offshore banking was done under little or no regulation. One observer once said that you can operate your account from a post office box with your portfolio as your office. But now some regulations have been introduced in some areas such as:

i. There was tightening of anti-money laundering regulations in global banking including most popular offshore banking locations. Banks are now required to report suspicious deposits and transfers to local policy authority regardless the existence of secrecy. This must have accounted for the closure worldwide of Bank of Credit and Commerce International (BCCI). The bank was accused to be the epicenter of global money laundering.
ii. The Internal Revenue Service (IRS) in the US introduced Qualifying Intermediary requirements. By this, recipient, of US-source investment income must be reported to the IRS.
iii. After 9/11 attack (2001) the USA PATRIOT Act was passed giving the US authorities power to seize the assets of a bank that is suspected to hold accounts and assets for criminal

gangs. That means that all accounts and assets of terrorists such as Al-quida became subject to seizure. Again the case of BCCI comes readily to mind.

iv. The European Union (EU) introduced information sharing between jurisdictions as regards offshore banks and tax haven authorities.

v. In 2010, the Foreign Account Tax Compliance Act (FATCA) was introduced and targets tax non-compliance by US citizens with offshore accounts.

OFFSHORE FINANCIAL CENTRES (OFCs)

Offshore finance refers to the provision of financial services by banks and other financial institutions to non-residents of a country. This can be by way of borrowing funds from non-residents and lending money to them. It can also be way of taking deposits from corporate organizations or individuals and investing the proceeds in financial markets in other places. It is believed that a lot of funds are involved and are managed at the risk of the fund owners.

Offshore Financial Centres (OFCs) can be said to be places where offshore financial activities take place (IMF, 2000). According to its position paper, in such centres there may be no distinction between onshore and offshore business. Sinha and Srivastava (2012) opined that OFCs are used for a country or jurisdiction with financial centres comprising of financial institutions which deal primarily with non-residents and/or in foreign currency, on a scale out of proportion to the size of the host economy. Non-residents owned and controlled the institutions which play a significant role within the OFC.

IMF (2000) paper under reference states that OFCs can be characterized by:

i. Jurisdictions that have relatively large numbers of financial institutions engaged primarily in business with non-residents;

ii. Financial systems with external assets and liabilities out of proportion to domestic financial intermediation designed to finance domestic economies;

iii. Centres that are popular for providing some or all these services: low or zero taxation, moderate or light financial regulation, banking system known for secrecy and anonymity. Opaqueness is the hallmark.

Sinha and Srivastava (2012) trace the origin of OFCs back to the 1960s and 1970s when many developed nations and sovereign governments tried to regulate capital flows through the imposition of restrictive domestic regulations. One of the major aims of the restrictive regulation was to get control over monetary policy. The restrictions goaded banks and other financial institutions to shift deposits and other financial activities to less regulated offshore areas. They opined that the development of offshore centres can be attributed to some of these factors:

i. The establishment of capital controls aimed at reducing unsustainable balance of payments deficits recorded by the US in the late 1950s and by many OECD countries in the 1960s;

ii. There was imposition of high taxes together with a tightening of monetary policies aimed at curbing balance of payments deficits resulting from fiscal imbalances especially in some OECD nations;

iii. The removal of foreign exchange restrictions on the conversion by non-residents of current earnings in Western Europe.

iv. The issue of US banks that have interest in doing business in foreign currencies and to spread their influence in new territories as a result of the Glass-Steagall Act of 1933 which barred commercial banks from entering the investment banking business.

THE ROLE OF OFFSHORE FINANCIAL CENTRES (OFCs)

Customer of offshore centres open accounts for various uses some of which are legal although on doubtful ethical grounds. In this regards OFCs perform some roles in international finance. We consider some of such roles:

i. Businesses may want to avoid falling under Islamic inheritance jurisdiction on death of the owner. Some people may wish to hold their wealth in foreign currency e.g. in US dollars. According to Panama Paper (2015), OFCs may perform some ambiguous roles such as when Chinese companies incorporate offshore to raise foreign capital which is against Chinese Law;

   There are other roles of OFCs stated below as noted by Sinha and Srivastava (2012)

ii. OFCs enable businesses to reduce cost by operating within a multinational corporation;
iii. They allow effective movement of capital and resources by providing opportunity for global investment;
iv. They enable customers to manage their finance confidentially by providing legal protection from paying agents;
v. OFCs enable customers to use intermediary holding companies to get over strict foreign exchange controls;
vi. With OFCs operating in low tax jurisdictions, save significant taxes and reduce the effect of transfer pricing rules in home countries.

COUNTRIES, TERRITORIES AND JURISDICTIONS WITH OFCs

Offshore financial centres, which often coincide with tax havens are located in small island economies dispersed across the globe. Apart from these small Island nations, some very important cities of the developed world are also classified as OFCs. For example the city of London, Paris, Tokyo, New York, Frankest and Zurich. In the Table below, we list some of the well-known offshore financial centres and tax havens which is not the total membership.

Table: List of Offshore Financial Centres and Tax Havens.

African	**Europe**
Liberia	Alderney
Mauritius	Andorra
Melilla	Belgium
The Seychelles	Camparione
Sao Tome & Principe	City of London
Somalia	Cyprus

Djibouti

Indian and Pacific Islands

The Cook Islands

The Maldives

The Marianas

Samoa

Tonga

Vanuatu

The Caribbean & Americas

Anguilla

Antigua & Barbuda

Aruba

The Bahamas

Barbados

Belize

Bermuda

British Virgin Island

Cayman Island

Caribbean/America

Costa Rica

Dominica

Grenada

Montserrat

Netherlands Antilles

New York

Panama

Frankfort

Gibraltar

Gue (Turkey)

Hunga

Iceland

Ireland

Ingushetia

Isle of Man

Jersey

Liechtenstein

Luxembourg

Middle East & Asia

Bahrain

Dubai

Hong Kong

Labuan

Lebanon

Macau

Singapore

Tel Aviv

Taipei

Saint Lucia

St. Kitts & Nevis

St. Vincent & the Grenadines

Turks Caicos Islands

Uruguay

US Virgin Islands

Note: Many other tax haven territories and OFCs are not mentioned.

Source: Christensen (2009) quoting Tax Justice Network (2005).

CATEGORIES OF OFFSHORE FINANCIAL CENTRES (OFCs)

Listing of territories under geographical spread is only a part of categorizing OFCs. IMF Background Paper (2000) tried to categorize OFCs into three other parts.

i. International Financial Centres (IFCs) made up of such cities as City of London, New York, Tokyo and large international full service financial centres, having advanced statement and payments systems, supporting large domestic economies. They have deep and liquid markets where both the sources and uses of funds are diverse, and where legal and regulatory frameworks are adequate to safeguard the integrity of principal – agent relationship as well as supervisory functions. In this category, London is the largest followed by New York. Some commentators say London is like a state within a state.
ii. Another category is Regional Financial Centres (RFCs). They differ from first category in that they have developed from financial infrastructure and intermediate funds but they have relatively small domestic economies. Some RFCs include Hong Kong, Singapore and Luxembourg.
iii. A third category is made of mainly much smaller units and provide more limited specialist and skilled services, attractive to major financial institutions and more lightly regulated centres that provide services that are almost tax-driven and have limited resources to support financial intermediation. Many financial institutions in this category have little or no physical presence. It is said that some financial institutions of OFCs and tax havens operate with Post Office Boxes. Their operating addresses remain unknown.

TAX HAVENS

There is no perfect agreement on what a tax haven means. Generally, tax havens refer to countries or jurisdictions which have low tax or no-tax regimes or that offer generous tax incentives. Although tax havens deal with tax related matters, the activities commonly associated with them go far beyond taxes. They have been known-to cover such areas as tax evasion, tax avoidance, money laundering, offshore banking, offshore finance, shadow banking and a host of others. Tax havens represent many ways of making international tax avoidance, tax evasion and various shady financial deals known for such features as reduced tax liabilities, protection of information, offshore banking, minimal or no regulation (Botis, 2014).

How do we define tax havens? Dharmapala, and Hines (2006) define a tax haven as a jurisdiction or regime where taxes such as inheritance tax, income tax or corporation tax are imposed at a low rate or not at all. Tax Justice Network (2015) see tax havens as states, countries, territories or jurisdictions that maintain a system of financial secrecy, which enables foreigners-people and corporations – to hide assets or income to avoid, evade or reduce taxes from the home jurisdictions. Sinha and Srivastava (2012) observe that tax havens do not have comprehensive definitions. They quoted the OECD Tax Haven Report (1997) which states that any country might be a tax haven to a certain extent, as there may be instances where high tax countries provide opportunities or devise policies to attract economic activities of certain types or in certain locations. Furthermore, OECD has set out some criteria to be applied to determine whether a jurisdiction or territory is a tax haven:

i. Whether the jurisdictions impose no or nominal tax;
ii. If there is openness or lack of transparency in tax matters of financial dealings;
iii. Whether there are laws or administrative practices which prevent effective exchange of information for tax purposes with other governments on taxpayers benefitting from no or nominal taxation.

While considering these criteria, it is noted that OECD laid emphasis on transparency to ensure that there are openness and consistency in the application of tax laws among tax payers. It is also necessary that information about taxpayers are readily available to tax authorities in their assessment of taxpayers tax liability.

Exchange of relevant information in tax matters is also considered very important as OECD encourages countries to willingly exchange information with others as the need arises upon request. In this regards is the implementation of appropriate safeguard to protect taxpayers and tax authorities is very important. In the US, for example, over 65% of total international monetary flows pass through tax havens (Botis, 2014). He further states that since the 1980s large US multinational corporations have moved their operations to tax havens under various guises of Foreign Direct Investment (FDI). Other Western European corporations have also followed suit.

ADVANTAGES AND DISADVANTAGES OF TAX HAVENS

The issue of tax havens evokes mixed feelings. For some, they are regarded as places of criminal tax evasions, tax avoidances and other dubious and immoral financial deals. Inspite of these feelings, tax havens are associated with some advantages and disadvantages, depending on which side of the divide debate you are.

Advantages

i. Tax havens enable wealth holders to have safe and means of reducing their tax liabilities. They can provide the world economy with stability and security (Joss, 2016).
ii. Botis (2014) collaborates and said that one of the advantages of tax havens is the absence of trade verification for both nonresidents and transactions in foreign currencies.
iii. Mitchell (no date) of Cato Institute has enumerated some advantages for the existence of tax havens.
a. Tax havens promote good tax policies around the globe. This is done by pressurizing politicians in high tax countries to lower their tax rates as there is tax competition. Even

OECD policy makers now understand that tax competition can be pro-growth in the global economy. Furthermore tax havens have helped to convince high tax havens that high tax rates force taxpayers to exploit the alternative of taking the wealth and income elsewhere.

b. According to World Bank data, tax havens made up 9 out of 13 richest jurisdictions. Some researchers have also opined that tax havens grow fast and create more prosperity for their people.

c. Tax havens promote improved governance. There is the quest to become tax havens by nations to adopt the law and sound financial institutions.

d. Tax havens also assist high-tax nations enjoy more prosperity. The high tax countries are pushed to improve their tax policies in order to compete for global investment.

iv. Proponents of tax havens have also argued that tax havens oil the wheels of financial capitalism (Christensen, 2009).

Disadvantages of Tax Havens

Tax havens are associated with many disadvantages notwithstanding the above mentioned advantages.

i. Tax havens are associated with tax evasion and tax avoidance. Tax evasion is criminal while tax avoidance is not criminal but involve some moral burden.

ii. Huge financial transactions in tax havens through the offshore financial dealings have been known to trigger off global financial crises such as the 2007/2008 Economic global meltdown.

iii. Christensen (2009) observed that tax havens have largely aided capital flight and tax evasion which losses in developing countries far outweigh any aids and grants. Other forms of losses arise from transfer mispricing and falsification of invoice. Shaxson (2011) says that they offer escape routes from financial criminal laws.

v. One of the devastating problems of tax haven and offshore opaque financial systems is the effect on developing countries. Huge sums of resources and funds in developing nations are siphoned out of the countries into tax havens. Most of the funds are products of corruption. Christensen (2009) was moved to query the emphasis on demand side of corruption – third world leaders who pay out bribes and transfer funds out of their countries. This debate has been done to the utter neglect of the supply side of corrupt practices – including financial intermediaries who create and administer elaborate legal structures through which illicit cross-border financial flows to tax havens are routed through offshore financial centres. Since political independence, leaders of developing countries have used OFCs and tax havens to pauperize their nations – by exporting public funds that could have been used for economic development..

Further on these and underdeveloped countries, Action on Aid (2013) points out that one of disadvantages of tax havens is that they help to keep over 1.3 billion people in poverty and hunger while denying developing countries the ability to benefit from their own wealth, and raise public funds needed to fight poverty.

COVID-19 PANDEMIC AND OFFSHORE BANKING AND TAX HAVENS

We have briefly discussed offshore banking and tax havens. We now look at how COVID-19 pandemic has affected them. We caution that the pandemic is still current with devastating effect on almost all facets of life globally.

Cannimo (2020) states that COVID-19 pandemic is an illness caused by a novel Corona virus now perceived as severe acute respiratory syndrome. Corona virus 2 (SARS-2) was formerly called 2019-n Cov. It first started in Wuhan city of China. Initially, it was reported to the World Health Organization (WHO) on 31/12/2019. On 30/1/2020, the WHO declared the illness as a global health emergency. About two months later (11/3/2020), the WHO declared COVID-19 as a global pandemic.

In brief, we say that the illness is caused by SARS-VOV 2. (Please note SARS is not connected with the arm of the Nigerian police dealing with armed robbery. It is called SARS – Special Armed Robbery Squad). WHO called is COVID 19 which is an acronym for "Corona Virus Disease, 2019". The generalized name was selected to avoid stigmatizing the origin of the disease in terms of geography and population even if it has its origin in China. Perhaps, for this reason, Donald Trump (the US President) has insisted it is China virus. On 11/2/2020, a study group of International Committee on Taxonomy of Viruses gaved COVID-19 official designation as acute respiratory syndrome, corona virus 2 (SARS COV-2) this was on 11/2/2020.

From China COVID-19 started to spread like wildfire to all parts of the world. The mode of transmission was through people travelling. In Nigeria the first case, called Index case, was on 27/2/2020. After international travelers were halted by ban of foreign travels, the spread started on what NCDC (Nigerian Centre for Disease Control) called community transmission. The novel disease has no known medical cure for now and since then all efforts are on to control its spread.

In history, since the plagues of Egypt in Bible, the world and humanity has suffered series of epidemics and pandemics. However, discussion on these and many other aspects of COVID-19 are outside the scope of this work. This study limits itself to financial effects and more specifically how it has affected offshore banking and tax havens.

But before we go into this, it will not be out of place to state briefly some devastating effects on some aspects of the world.

Indranil Chekraborty (2020) for the WHO noted some of these effects:

1. **Socio-Economic Effect:** The UN's framework warns that COVID-19 pandemic devastating effect apart from health. All aspects of the society including societies norms, life patterns and the economies have been affected. The effects vary from one country to another. But the bottom line is that COVID-19 has increased poverty and inequalities. The effects will continue for the unforeseeable future. No doubt, the achievements of Sustainable Development Goals (SDGs) will be adversely affected with increased global sufferings. The developing countries are the worst hit, given their low level of development.
2. **Migration:** Migration is severely affected since it is almost halted for sometime especially on the international level. Even at local level, the lockdown (total and later partial) is a testimony of the effect on migration. It is perceived that control of human movement will help to control the spread. The suspension of movement also affected religions worships. But partial lifting of the lockdown has come to the rescue.

COVID-19 PANDEMIC EFFECT ON THE BANKING SECTOR

According to Price Waterhouse (PWC) Consulting (2020), the general economic slowdown as a result of COVID-19 has risks on the banking sector. They summarized the effects as:

(i) Economic contraction which results from near stoppage of the entire economic sectors;
(ii) There is reduction of receivables in the bank revenue such as interest earned, cost of turnover (COT) or Accounts maintenance fee as recently renamed by the Central Bank of Nigeria (CBN);
(iii) There is higher risks of default of loans and advances repayment. The borrowing accounts shutdown operations and cannot service their borrowing. The result has produced more bad loans and non-performing accounts;
(iv) There is increased burden on the banks to keep staff whose life are at great risks. The staff emoluments are paid from the drastically scaled down operations.

Blake and Weisman (2020) for the World Economic Forum, state that world governments and policymakers must help to maintain financial stability among other objectives. Advanced economies must support developing countries to remain capable of maintaining their financial services preferably through digital channels. They add that nations' financial systems must be made resilient with fiscal support, regulatory flexibility and liquidity provision to ensure the financial system supports economic recovery. Failure of the financial system will precipitate more financial crisis.

Another study by Aldasoro, Fender Hardy and Tarashev (2020) note that banks have been harder hit than most sectors from the spread of COVID-19 pandemic. However, banks with higher profitability and healthier balance sheets have shown more resilience than those will less profitability and less healthy balance sheets.

COVID-19 PANDEMIC AND OFFSHORE BANKING

Let us now briefly consider how COVID-19 pandemic has affected offshore banking.

Farmer (2020) assessed offshore banking business post COVID-19 pandemic. He made some observations – some of which are:

(a) Opening of more offshore bank accounts – more people will attempt to open offshore bank accounts – More offshore banks will likely lower their minimum deposits requirements. They will make more use of technology and offer online banking options to enable customers setup and operate offshore accounts without being physically present. In other words, more people of substantial means can more safely stowaway their assets while diversifying their investment during this COVID-19 pandemic. The sordid revelations of stealing by public officers will finding more safe areas to take shelter.
(b) Setup offshore companies as a part of the offshore banking people – can move out to setup companies in foreign jurisdictions. Setting up an offshore, company will provide reduction in taxes and less disclosures. With online operations, you can setup offshore corporation within a short time.
(c) Acquiring foreign citizenship – Farmer (2020) opines that money bags can acquire foreign citizenship in what he called "citizenship by investment" which involves investment of money in exchange for passport. Countries such as Portagal, Belgium, Panama, Argentina, Spain, Cyprus and Chile have exploited this method of citizenship.

He reports that Cyprus, for example, has increased its citizenship by this system upto 250% pre-COVID-19. This system, therefore has offered wealthy investors the option of getting second citizenship and passport.

(d) Farmer (2020) encouraged wealthy investors to take the option of offshore banking and investment to secure their finances. There are many uncertaintees about the way the economies (especially the developing ones) will go in the next few years. People need to find out in which offshore jurisdictions to invest.

De Vicentes (2020), in his study, observes that COVID-19 has dramatically changed the face of finance, markets and investments around the world. Things may never be the same again as people now talk of "new normal" ways of doing business even in the offshore banking. In the post-pandemic planning, offshore is now where to go.

COVID-19 AND TAX HAVENS

In the first part of this paper, it is seen that offshore banking is in tandem with tax havens. They are like two inseparable Siamese twins. COVID-19 pandemic has revived the international interests on the existence of tax havens. This may not be strange as many leaders consider taxes as very important in the economic recoveries and government supports. Some have opined that firms using tax havens should not be allowed access to the large scale stimulus packages being arranged for post-COVID-19 recoveries.

Christensen (2020) states that world leaders' reactions against tax havens is similar to the reactions in the wake of global financial crisis of 2007-2009. Tax havens were considered as sources of financial crisis and fiscal instability that worsened the crisis. Many nations consider COVID-19 as good opportunity to cooperate and use progressive taxation to fight against tax havens. At local and international levels, the feeling is that all available taxes should be collected. But this feeling is antithetical to aspirations of tax havens. According to Christensen (2020) COVID-19 has brought the issues of tax havens back to the agenda of world leaders. The "blacklist" or list of non-cooperative jurisdictions for tax purposes is back to the agenda of global tax politics. Governments of developed countries, therefore, using state power to force to avoid tax havens if they are to qualify to receive stimulus recovering packages.

Developing countries are persuaded to use this window of opportunity to deal with capital flights and depletion of their wealth to tax havens. But, one can guess that the persuasion will not work (especially in Nigeria) because, over the decades, looting public funds and transferring them to offshore banks and fax havens have been done without qualms. OECD has hinted that developing countries could use this post-COVID-19 period to reexamine how international tax rules and practices meet their needs. The OECD opines that the post COVID-19 tax agenda should be used to correct various abusive tax practices bedeviling developing nations. But, like I said earlier, it is doubtful if leaders of developing nations will be enthusiastic about reorganizing their tax rules and practices.

Another study by Lemaitre (2020), states that COVID-19 pandemic has exposed how the health systems of various have been relegated to brink of budget restrictions. The result is revenues are lost through tax evasion, tax avoidance practices aggravated by tax havens. It is hoped that post COVID-19 will raise the requisite attention to the apparent disgust of tax havens. Panama papers show how creative and wealthy individuals are at weaving nests of tax avoidance. According to Lemaitre (2020) over US $500 billion annually are lost to tax havens. In UK some 25%

corporate tax revenues are estimated to be lost to tax havens or what Tax Justice Network identified as “axis of tax avoidance”. Post COVID-19 actions are focusing on tackle these monumental losses. If these lost taxes could be recovered, they could be used to fund healthcare needs.

Conclusively, the effects of COVID-19 pandemic on offshore banking and tax havens are yet to be definitive because the pandemic is still ravaging the world. It will take sometime before the effects become obvious.

It is recommended that this is a golden opportunity to review the entire system of offshore banking and it’s Siamese twin of tax havens.

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