

Exchange of Banking Information and Offshore Real Estate Investment

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Abstract :

Building on rich administrative data on real estate purchases made by foreign companies in England and Wales, we identify one important channel through which tax evaders escape automatic exchange of information (AEOI) treaties: real estate investments, which are excluded from the scope of these agreements. First, using several tax-related data leaks, we identify the country of residence of more than 2,500 company owners who appear in our database. We show that residents from AEOI adopter countries responded to the strengthening of tax transparency by heavily increasing their investment in UK real estate through shell companies incorporated in tax havens. Second, exploiting heterogeneity in the choice of tax havens by country of residence, we extend this finding to all foreign companies in our database. Our results suggest that a significant share of the money that fled tax havens as a result of the tax transparency treaties was ultimately invested in real estate globally