

The Taxcast, May 2026 transcript: Impunity in Malta

Naomi Fowler: Hello, and welcome to the Taxcast from the Tax Justice Network, a monthly podcast about corruption, tax abuse, financial secrecy, and how we fix it. I'm Naomi Fowler. Coming up later: in Malta, a law that's like a get out of jail free card:

Julian Bonnici: It incentivises tax evasion because knowing that there's this amnesty constantly available, you know that, okay, I can evade as much tax as I can. Malta, they've sort of allowed the, the same culture to start being fomented that led to the assassination of Daphne Caruana Galizia.

Naomi Fowler: Daphne Caruana Galizia was, of course, the Maltese journalist and anti-corruption activist murdered by a car bomb in 2017. We look at the context for Malta's Bill 142.

Before that, as oil supplies continue to be strangled by the closure of the Strait of Hormuz, journalist and author of the book *Abolish Westminster*, Adam Ramsay, has been looking into the tax affairs of oil companies and Britain's role in them.

Adam Ramsay: The world's oil companies are making an absolute fortune. So Shell and BP, which are the UK's two biggest oil companies, in fact, the UK's two biggest companies, are expected to make an additional \$5 billion of profit this year as a result of the war.

Naomi Fowler: Although the United Kingdom has a provision for a tax on excessive profits of energy companies, tax justice campaigner Lord Prem Sikka recently demonstrated how inadequate that is. Here he is speaking in the House of Lords:

Prem Sikka: All businesses and households deserve lower energy bills. This can be done by cutting profit margins of energy companies. Since 2020, they have made £125.7 billion profit, which is roughly £4,400 per household, and they have inflicted enormous pain on businesses and households.

Naomi Fowler: £4,400 per household. That's not far off about 6,000 US dollars. Back to Adam Ramsay:

Adam Ramsay: One of the things I've been looking into is how Britain helps oil companies like Shell and BP, but also lots of others, dodge taxes around the world. So Shell, in fact, wasn't even registered in the UK until a few years ago.

It used to be registered in the Netherlands. It was always known as an Anglo-Dutch company. But in 2022, it shifted its headquarters to London, largely because in the Netherlands, as in most of the world, they charge a thing called a dividend withholding tax, which means that when they pay dividends out to their shareholders, in the Netherlands they pay 15% tax on that.

In Germany, it's higher. Um, that tax exists in many countries around the world. But the UK charges 0%, which means, as various experts said to me, Britain itself is, for the purposes of big companies like Shell, a tax haven. But what's also true is that Britain has the world's most important network of offshore spaces, so that's overseas territories, Crown dependencies, and also a whole bunch of other spaces which are kind of colonial relics which have various British connections. So, um, one really important one here is The Bahamas, which is an independent country. Um, but it was set up as a tax haven by Britain before it became independent, and its highest court, its highest court of appeal, is still what's called the Judi- Judicial Committee of the Privy Council.

It's still a British court, which is very reassuring to businesses around the world. And Shell declares about 11% of its global profits in The Bahamas, even though The Bahamas don't have any real, um, oil and gas reserves of their own, um, which allows them to, um, avoid, perfectly legally, but avoid paying an enormous amount of tax.

What I also found is that Bermuda, the British overseas territory, in fact Britain's longest running territory outside this archipelago, is very important for the world's, um, oil industry. So I, I got onto Google Maps and I worked out that within a 25-minute walk through Bermuda's capital village, Hamilton, you can go past three of the world's most important oil tanker companies.

You can go past four of the world's most important oil drilling contractors. Also, a building called Chevron House, which is a major hub of kind of offshore entities set up by the US oil firm Chevron, and also a major kind of center of different, um, offshore companies owned by Shell. Um, so, so Bermuda is, you know, possibly, uh, the, you know, one of the most significant hubs for the oil industry on the planet, um, despite the fact that Hamilton, the capital village, only has a population of about 1,000.

Um, also really significant is that there's a huge, um, quantity of shipping globally, oil tankers globally, which are registered in British territories. Particularly significant is the Isle of Man, which is a kind of major global hub of, um, registration, offshore registration for, um, for major ships, but also particularly for oil tankers.

Um, so overall, Britain and, you know, the British state as a whole plays a major role in helping these massive oil companies, the companies who are pumping this product that we need to get ourselves weaned off rapidly if we're going to avoid the climate crisis, um, is, is, you know, Britain is playing a major role in helping protect their profits from the tax man, but also from regulation and from transparency in g- um, through its offshore spaces and also domestically around the world.

Naomi Fowler: You can read more about Adam Ramsay's research on his website, abolishwestminster.substack.com. I'll put the link in the show notes.

Now, some news from the United States. There's some very good news from California right at the end of this podcast, so keep listening for that. I'm saying that because this lot of news from the States isn't good.

Crypto enthusiasts are very happy there because the Senate Banking Committee has just voted through a bill known as the Digital Asset Market Clarity Act of 2025. It's currently stalled in Congress, but if Congress approves it, it'll be signed into law. So anti-crime, anti-money laundering, and sanctions experts have all been warning that this bill and a related one both have serious weaknesses, exempting decentralized crypto platforms from some basic safeguards against money laundering and terrorist financing.

At the same time, politicians across the United States are finding that those who are most strongly and vocally supportive of crypto markets are getting mega funding for their political campaigns from the crypto industry. Those politicians who express even mild caution about crypto face huge hurdles. So, in a country where financing of politics is gigantic, the crypto industry is wielding immense power. That seems to be having a chilling effect when it comes to genuine public debate there.

Also, the US Department of Justice has dropped criminal fraud charges against Indian billionaire Gautam Adani, charges which he denies. His lawyers promised if prosecutors dropped the charges, he'd invest \$10 billion in the United States and create 15,000 jobs. Another of his firms also agreed to pay \$275 million to settle a different investigation into allegations of sanctions violations on Iran. And just the week before that, the US Securities and Exchange Commission dropped fraud charges against Adani and his nephew in a separate civil case after they agreed to pay a combined settlement of \$18 million. These serious charges will now never see the light of day.

And finally, you'll remember that President Trump refused to publish his tax returns during his first presidential campaign. As we reported on The Taxcast at the time, an IRS worker, Charles Littlejohn, leaked them, along with the tax records of thousands of ultra-wealthy individuals. His defense in court of acting in the public interest was rejected, and he was sentenced to the maximum penalty of five years in prison. This is his lawyer speaking at the time just after the sentencing

Charles Littlejohn's lawyer: While certainly it was not the outcome that we had hoped for, we greatly appreciate the court's time and consideration of the case. Uh, Mr. Littlejohn will not be making a statement at this time, but will give that some thought in the future.

Reporter: Do you think it was a fair sentence?

Charles Littlejohn's lawyer: Uh, that's all we have to say for now. Thank you.

Reporters: Thank you. Thank you.

Naomi Fowler: Mr. Littlejohn is due to be released in 2027. We said it at the time, and we'll say it again, if Mr. Littlejohn's listening, we'd love to give you the chance to tell your story with us, either here on the Taxcast or on our podcast, The Corruption Diaries.

Anyway, Trump sued the IRS for ten billion dollars over that leak. He's now dropped the lawsuit in exchange for protection from investigation and prosecution into his and his family's tax affairs before May 2026, as well as the setting up of the 1.7 billion dollar fund to compensate people claiming they've been unfairly targeted by the tax authorities. They're calling it an anti-weaponization fund. Here's an incredulous-sounding Democrat, Chuck Schumer, reacting to the news:

Chuck Schumer: So political payouts, personal perks, and vanity projects, and now a get out of jail free card for Trump and all his family on tax matters. We've learned that Trump's funneling nearly two billion dollars in taxpayer dollars into a slush fund for his friends, his far-right loyalists, and January sixth insurrectionists.

He made a deal with himself. First, unbelievably, he sues the government for ten billion dollars. Then he says, with his other hand, "I am the government. I'll settle for one point seven billion," and the money goes to all kinds of assorted characters who don't deserve it. Probably Trump himself.

Trump could care less that the Americans are struggling to put food on the table and pay higher prices at the pump. He cares only about enriching himself. His corruption knows no end. His new slush fund contains a provision that there should be no prosecution or investigation of Trump or his family members on any tax matter, a get out of jail free card that he negotiated with himself. What kind of America is this? What kind of man is this?

Naomi Fowler: Hmmm, I'm pretty sure there'll be legal challenges.

Music break.

Naomi Fowler: Now, we're going to Malta, another place where private interests have captured the political system and lawmaking. Last year, in 2025, the Maltese Parliament rushed in Bill 142. It's a special mechanism that allows people accused of tax evasion to agree out-of-court settlements with Malta's Commissioner for Tax and Customs. It's almost like decriminalizing tax evasion. Even worse, this process can extinguish what they're calling connected breaches. That could mean related charges of existing or potential criminal proceedings against people who go for this, and those could include money laundering, fraud, and conspiracy. I spoke to Maltese journalist Julian Bonnici of Amphora Media.

Naomi Fowler: Ok. We know at the Tax Justice Network, Malta's always been, you know, a heart of darkness in Europe in terms of financial crime and tax abuse. This Bill 142 is very worrying, isn't it? I can see that it was really rushed through Parliament very fast in only 12 days, which is very short.

Julian Bonnici: Yes, it was extremely short. I think a really crucial detail is that in July and August, Maltese attention span is low. In the height of summer, I mean, people really aren't paying attention to politics, you know, and that stuff. Even worse, the day Bill 142 was introduced, the government also introduced Bill 143 and 144, which are two sort of reforms to the planning sector that have proven extremely controversial.

Naomi Fowler: Yeah, and there's been so many problems with irregularities around procurement in, uh, Malta.

Julian Bonnici: Yeah. So when this bill was introduced, the other two bills sucked up all the room from activists, from journalists included, which was something I realized later, from everyone, right? That this sort of law was passed so quickly in the height of August, right?

What's crucial to say, it went through in those 12 days, in Malta's system it went through a first reading, a second reading, a committee stage, and a third reading, right, in the space of 12 days, which is really unheard of. Those Bill 143 and 144, for example, are still in the first reading stage. They haven't even gotten to that second reading.

Really what it's doing is it's introducing under the settlement mechanism at, at this present time, once a taxpayer pays the agreed amounts, like all criminal liability for the covered breaches, and crucially, I mean, connected breaches like fraud, money laundering, and even in its most extreme case, something like drug trafficking, for example, uh, is extinguished, right?

And sort of any ongoing proceedings will be effectively terminated. And what's worrying is that the act applies to agreements entered in before the law came to force, right? So these can be past agreements, present agreements, ongoing proceedings. It's quite- A worrying trend. I think a good starting point is, you know, Malta was placed on the FATF grey list, right, in June 2021.

Naomi Fowler: The FATF is the Financial Action Task Force set up by the G7 to set international standards to combat money laundering. They put countries with deficiencies in their anti-money laundering protections on a so-called grey list, and they work to resolve them. Actually, the Tax Justice Network's recommendations for good practice go a lot further than the FATF. But anyway, for Malta to get off that grey list, they had to address secrecy around beneficial owners, make their anti-money laundering controls more effective, and improve their tax evasion investigations. Back to Julian.

Julian Bonnici: Malta, on its part, responded very quickly to ensure we were off the grey list within a relatively short space of time. You know, reforms were introduced, enforcement arms were given proper resources and support, you know. And the, the figures speak for themselves, right? In 2020, for example, the year before, um, we got taken off the grey list, around 29 people were accused of money laundering. By 2024, that number was 116. So you're talking about a massive growth in prosecutions. 2024, 2025, what happened? Bill 142 was, was introduced, right? So it raises a lot of questions about the timing of the bill. So, like Malta was responding, and we were relatively lucky that as much as we were placed on the graylist, within a year or so we were taken off it, you know, which was quite a positive step.

And what the government has effectively done is kneecap all the good work enforcement authorities and prosecutory authorities were doing. Pre-2021, it was almost a complete rarity to get prosecuted for financial crimes. Now it

became more commonplace. And we cannot forget the people that were charged, right? So you have former prime ministers, former ministers, former principal secretaries. You know, these were quite heavy hitters, you know, who were taken to court.

Naomi Fowler: I mean, obviously in terms of integrity and trust, looking at how much power it seems to give to the tax commissioner who can agree the amount that an offender is going to pay has a lot of power without transparency.

Julian Bonnici: Yes, you're right. The tax commissioner has an insane amount of power, and the tax commissioner, as much as it's an independent body in Malta, he's still subject to the powers of the prime minister, right? And the prime minister can remove him and can reinstate somebody else. What I'd say is most worrying is there's absolutely no transparency, especially in the decision-making process, uh, behind the, the tax commissioner, who the benefactors of these agreements are, and the settlement agreements themselves. So in effect, we have no idea what terms they've agreed to, what kind of payment plan, whether they're paying the full, for example, 1.5 million euros, or they're paying a reduced amount. It's something that's kept us completely in the dark. And I think what the government is hoping on is that banking at international bodies at the moment have put their attention elsewhere, whether that's Gaza, Iran or Ukraine, or even on a more EU level, Hungary. So all EU attention is on Hungary. Whereas Malta, they've sort of allowed maybe the same culture to start being fomented that led to the assassination of Daphne Caruana Galizia.

Naomi Fowler: Yeah. And, and Malta has a, a big problem in uncollected taxes like many countries. For a small country, you know, it's got over eight billion euros in uncollected taxes. A lot of that they've written off already. I guess one of the justifications they would give, and I say they meaning the government, um, and their representatives that voted this through - the reason they would give for this is because, uh, well, it, it, you know, it's very costly to prosecute and investigate, and this is a kind of amnesty that brings in money that would otherwise not be available to Malta for spending on the wellbeing of the Maltese people.

Julian Bonnici: For sure. I do agree with you that it is a justification that they're giving for this, this settlement. But in reality, it's just a drop in the ocean for, for the amount of uncollected taxes. So I, I mean, the finance minister in a parliamentary question revealed that sort of so far they are going to bring in 34 million euros worth of tax, which is a lot, fair enough, but that's 0.5% of the total of, of missing tax, so it's actually not bringing in as much as they say. Rather, what I would actually say is it incentivises tax evasion because knowing

that there's this amnesty constantly available, you know that, okay, I can evade as much tax as I can, face little repercussions, and then, okay, once I get caught, I'll face the financial right? That's what those sort of criminal, I think people, especially big tax evaders who have that kind of money worry about, right? Is not maybe can they pay the tax, it's going to prison, uh, and stuff like that. So I think that's crucial.

Naomi Fowler: Yeah. Yeah. It sends a strong signal, doesn't it, to tax abusers and maybe people committing other crimes around the world that Malta is really open for business for them. Uh, you know, as kind of a low, uh, worry place for them to do business, which is not a good thing!

Julian Bonnici: Which is not a good thing, right? And, and jokingly, I mean, even my friends, you know, when after I wrote the story, that's what they were telling me. It was like, "I might as well just s- stop paying tax myself. What the why, why the hell am I paying all this tax where you can just get away with it?" You know?

Naomi Fowler: Well, that is the problem. It does have that effect. It undermines trust in the system for everybody else. And, um, I know that under this law, Malta's Tax and Customs Administration, it's apparently already received plenty of applications, um, I've just read that they've entered into 11 settlement agreements with 16 taxpayers so far under this legal mechanism. Is that right?

Julian Bonnici: Yes, yes, yes, yes. That's correct. This is what the finance minister revealed in Parliament, but he never actually revealed the identities, right, o- of these people involved. But we were able to confirm a few during attending court sittings and using our sources. And they're all quite alarming and speak to maybe a wider motivation as well.

So you first have quite a notorious car dealer who was charged in a 1.6 million euro tax evasion and money laundering case. He's also been charged with other offenses, which include kidnapping in a previous case, and he also faces accusations and allegations of being involved in, in serious crime. Very crucially, the Prime Minister, Robert Abela, is his former legal advisor, and had once profited of a very suspicious 2018 property deal, uh, with him, which had been reported extensively by Times of Malta.

Then next up, you have a lawyer who was charged in a 1.6 million euro case, and in the, in the sittings it was revealed that they had found something like over 2.4 million euros in payments being transferred to his accounts, when at the time his declared income was only 600 and something thousand, right? So

there's a, a major, uh, discrepan- discrepancy. This guy was a former advisor to, to Konrad Mizzi.

Naomi Fowler: Konrad Mizzi is a former minister who resigned in 2019 amid corruption scandals around the time of the murder of Daphne Caruana Galizia.

Julian Bonnici: And both of them have been charged in connection with the Vitals Hospitals corruption case, which is a very big corruption case in Malta involving a public concession on three state hospitals. It's, it's- It's insane, right, in, in my, my opinion, you know, especially given his previous convictions. Then you have another case, which are two accountants who have long been alleged to have connections with former Prime Minister Joseph Muscat, right? So again, really, really worrying.

And the fourth and final one, which I think is even worse, you know, the former consul general to Shanghai, basically charged with bribery and stuff like that in a, in a massive tax, tax thing, right? Now, not only is he a diplomat, he's also the brother of the former head of the civil service, who is currently the head of Heritage Malta. So you have these four cases all involving PEPs.

Naomi Fowler: PEPs are politically exposed persons. Banks and financial institutions are supposed to apply enhanced due diligence when dealing with those people because they pose high risks for potential involvement in money laundering or corruption, like accepting bribes or misappropriating public funds.

Julian Bonnici: All involving implications of other major crimes, all being able to walk free. And they will never be charged again with these crimes. The ship has literally sailed. There's even a massive VAT carousel fraud, 62 million euros, allegedly involving other businesses. But yeah, all of these people are gonna be able to, to walk off scot-free.

This law provides a way out for those who have already been taken to court and are facing potential prosecution. So the investment, so the prosecutory work has been done, right? You know, I, I mean, I've spoken to people within the prosecution service, and they're not happy with the decision at all because they've done all this good work and, and especially it's really hard financial crime.

Naomi Fowler: Yeah. It'll be interesting to see what happens to the budget now for investigations, because in theory, you don't have to spend that much money. Are they gonna start cutting the department of, of investigators or moving them around? That would be interesting to watch. How do you combat something like

this? It's been through the Parliament democratically, even though it was rushed and just wondering what your thoughts are on that?

Julian Bonnici: Well, y- the truth is, uh, with legislation and, and in journalism, a lesson I've learned is sometimes you have to kind of wait the long game, right? So I started, for example, reporting on golden passports, what, eight years ago, and it was only last year that the EU courts finally removed the law.

What I'm very thankful of is Amphora Media within the Daphne Caruana Galizia Foundation family, that we have an advocacy team who are doing all they can to push international bodies. Fundamentally, the only response Maltese government will respond to is international pressure. It's what happened after Daphne's assassination, it's what's always happened with, with Malta.

Unfortunately, because Malta in general is a pro-EU state, has a head of state who is generally very welcoming to EU policy, is economically performing well, the EU would rather not rock the boat and create another enemy. But- I think the EU should learn its lesson on Orban, because I think that's the best example, right? Because people tend to forget that in 2008 when Orban was elected, there was the financial crisis. All attention was on Greece. Orban was seen as a darling of the European Union as this sort of economic miracle. They sort of washed their hands clean, and six, seven years later they realize, oh my God, this guy has just completely taken over the entire institutional thing, and there's actually no way to, to combat him. It took another decade to get him out, you know? We should move away from crisis management and go to crisis prevention, you know?

Naomi Fowler: Yeah. Yeah. Well, I mean, we found the same. It's, it's takes 10 years to turn something back or to change the law, um, or to bring with meaningful reforms.

Julian Bonnici: At least on a Maltese end, there are people who are willing to support and fight this fight. I don't think there's much support for this bill, and people are quite shocked by it.

Naomi Fowler: When are your elections coming up? Do you think it might have any effect on the result?

Julian Bonnici: Now we have it on the 30th of May, so we have a snap election. Hopefully, it will make some impact on the vote. We'll see. Unfortunately, the government at the moment has quite a strong majority, and I can't see that waning entirely, but I think hopefully maybe there'll be a little bit

of a dent into the voting margin, which might, yeah, force them to act. We'll see. I'm a, I'm a cynic optimist, you know?

Naomi Fowler: We'll let you know the outcome of the elections in the next Taxcast, and how they may or may not affect the new law. My thanks to Julian Bonnici of Amphora Media in Malta, and to the Daphne Caruana Galizia Foundation. Links to their reporting on Bill 142 are in the show notes. The people he mentioned who have agreed settlements under Bill 142 deny corruption or wrongdoing. Regarding the assassination of Daphne Caruana Galizia, two men were found guilty in 2025 of supplying the bomb that killed her, and a Maltese businessman is to stand trial there very soon accused of ordering and paying for the murder. There's currently a blanket reporting ban on the case, but we'll be following that and reporting on it when we can.

Music break

Naomi Fowler: Finally, the good news I mentioned earlier coming out of California in the United States. Lawmakers there are advancing what's called worldwide combined reporting. It's a form of formulary apportionment, a method of tax accounting that makes it impossible for corporations to reduce their state tax liability by just moving their profits to low-tax jurisdictions. According to estimates, it could raise \$3 billion a year in California alone. Here's Alex Cobham of the Tax Justice Network:

Alex Cobham: This is really exciting, really the precursor to a move away from the fiction of arm's-length pricing and towards unitary taxation, where you, you treat a multinational group as a single unit, and you simply apportion its profit as tax base between the jurisdictions where it operates according to the share of economic activity in each.

Now, what California is doing now is something that they, that they were pushed back from doing in the, in the 1980s, which is to remove the, the election that they currently have where companies can choose if they want to be assessed on the basis of their US profit or on the basis of their global profit.

So Californian, uh, legislators are now looking at taking away that choice for companies and saying, "No, you have to be assessed on the basis of your global profit." Now, given how much the current administration, but also the first Trump administration from 2016, has made it much easier for US multinationals to reduce their tax liabilities, this is a really sensible step, and it makes absolute sense for an individual state, especially one as big as California, to be taking that on itself.

Naomi Fowler: This state level action is great for Californians, but it's also really good news for the rest of the world, too. As you'll know from the Taxcast, nations are in the process of discussing international agreement on fairer tax rules in a UN tax convention.

Alex Cobham: The fact that it aligns so well with what's happening at the global level is really encouraging because it points to a future where the United States, too, post-Trump, could well embrace what we're seeing as the global direction of travel. This move towards unitary taxation that would really, at a stroke, put a line through most of the abuses, the profit shifting that we see today, which, you know, we estimate cost the world about \$350 billion every year in lost revenues. So in the UN tax convention, you're seeing all of the countries of the world, except the United States, gathered around the same table discussing a convention, negotiating a convention, which now looks likely to include a commitment that countries should have taxing rights over the economic activity that takes place in their jurisdiction.

So this is great news. We'll be tracking what's happening in California and a number of other US states that are looking at similar measures, and working with our allies there to help them and to make the connection with this global process, um, happening in the United Nations.

Naomi Fowler: It's nice to share some good news. That's it for this episode. We'll be back with you soon. Thanks for listening. Bye for now.