

Gene Kerrigan: 'Hidden Ireland' and the things we're not supposed to see

The Apple and Nama scandals have given us a glimpse of 'hidden Ireland'



[Gene Kerrigan Twitter](#)

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Once upon a long, long time ago, I attended a court case in which a bank sued a businessman. The man hadn't paid off a term loan. Interest had pushed the debt up to £36,000 and the man wasn't happy with the interest he'd been charged.

In those days, £36,000 was big money, even for successful business people.

The case went to the steps of the court. The bank abruptly offered to settle. They offered to write off the whole £36,000 debt.

No, said the man. Let's go to court.

Well on top of the write-off, we'll also pay all legal costs (estimated at up to £80,000), they said.

No, said the man, we'll go to court.

So, they offered him ten grand cash on top, to settle outside court.

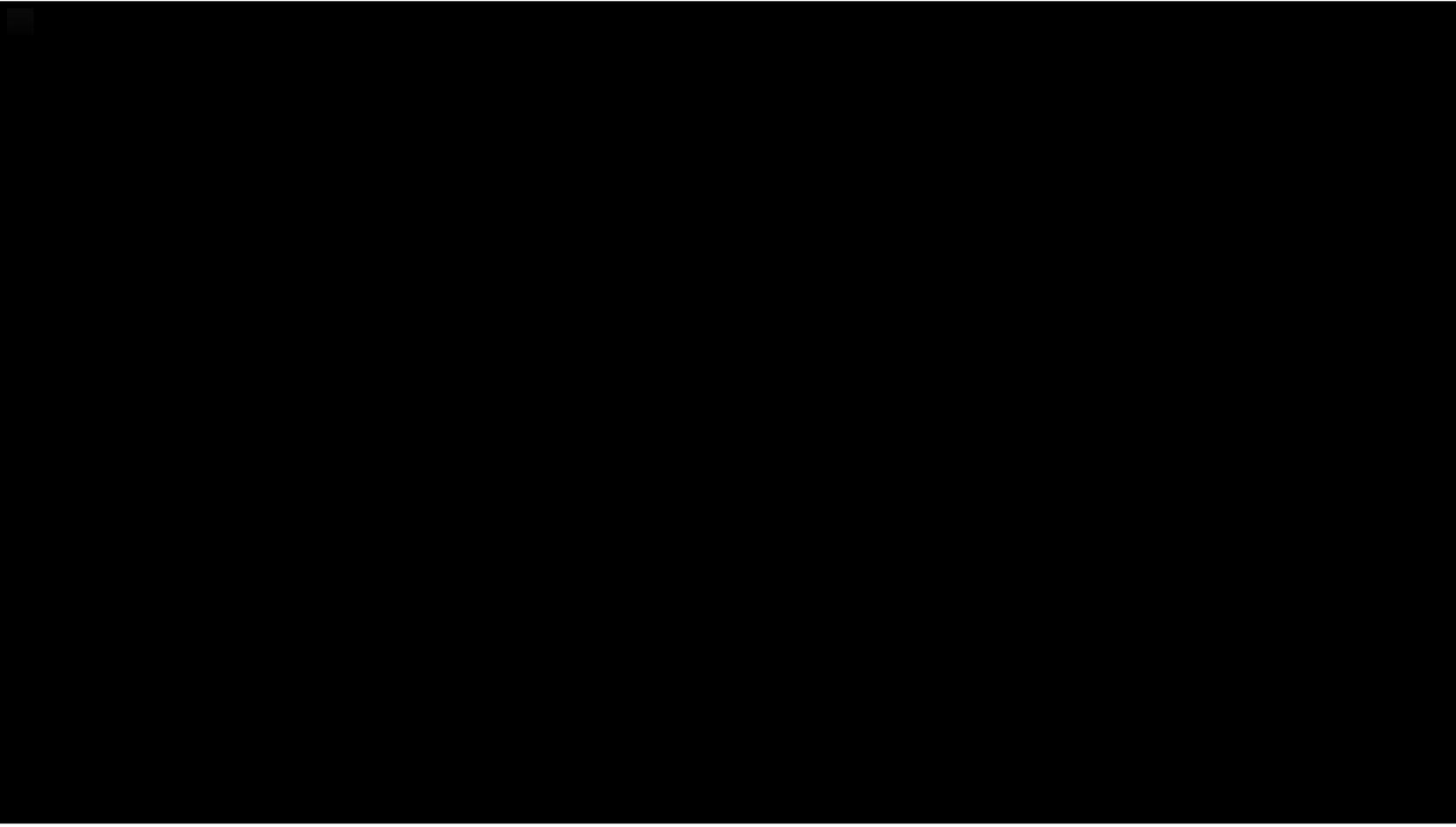
No, he said.

They offered him fifteen.

Eighteen, he said.

No, they said.

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Fair enough, he said. It's a deal.

This negotiation took about two hours, conducted in nooks and crannies of the courts.

The bank sacrificed a £36,000 debt, paid £80,000 in legal costs and gifted the man what was then more than most of us earned in a year.

Why?

Because there are things we're not supposed to see.

The businessman used a false name to set up an account. The bank knew this and helped him evade tax. If the matter came to court, the common herd would see some of the things we're not supposed to see. Better the bank paid the guy off, kept things quiet.

This was one case, and for years the banks engaged with a wide network of tax evasion. It stretched through the business world - from shiny offices in Dublin to grubby pubs, shops, hotels and cattle markets around the country. A whole layer of society was steeped in tax fraud.

The rest of us knew nothing of this criminal underworld. We just funded the running of the State, without which these businesses couldn't operate.

The network of fraud was widely known among bankers, the wealthy and their lawyers and accountants. It was known in senior business circles, among senior politicians and civil servants, and among the alleged regulators - including the Central Bank and Revenue.

Everyone just went along to get along.

Eventually, a report by the Comptroller & Auditor General, followed by the Dirt inquiry and other scandals, forced the State to tidy up the tax evasion business.

At the same time, the entirely legal tax "avoidance" business has grown. There are reported to be over 5,000 specialists advising people how best to legally arrange their affairs to achieve maximum "tax efficiency".

The politicians, when legislating for these matters, are lobbied by experts employed by the rich. As a result, the laws that oversee the financial business are riddled with holes through which billions can be siphoned away.

These are commonly referred to as "tax loopholes", as though they're accidental gaps through which wily professionals can slip. No, they're "tax-efficient" mechanisms, negotiated and agreed to allow the rich escape paying their fair share. The "loopholes" are not a bug; they're a feature.

In recent days, some of the things we're not supposed to see have spilled out across the public stage. Quite embarrassing.

We were never supposed to see the special arrangements through which Apple legally avoided paying €13bn.

We were never supposed to see the extent to which Nama has been delivering financial blowjobs to the operators of vulture funds.

We were never supposed to hear a recording of a businessman allegedly telling a Nama adviser there's two packets of cash there for ya, Frank, so there is.

The hidden Ireland has its own language, one of "Section 110s", "qifs", "super qifs" and - I kid you not - "orphaned super qifs". Previously, such matters were the concern only of what are called "sophisticated private investors". Today, we're seeing some of those mechanisms being discussed by people who don't have two hedge

funds to rub together.

Today, the likes of long-haired Mick Wallace is examining the "tax-efficiency" undergrowth to see what stirs. And Richard Boyd Barrett, who doesn't even tuck his shirt into his pants - much to the distress of a former ceann comhairle.

Today, to our benefit, these matters are investigated even by the likes of Clare Daly, Ruth Coppinger, Joan Collins, Catherine Murphy and Brid Smith - who in more genteel times wouldn't have been allowed stray beyond the world of knitting patterns and Ladies' Days.

We're finding out that you can make your activities "tax-neutral". You can put your business into a "special purpose vehicle". There are over 2,000 SPVs in Ireland.

These are part of what is called a "profit extraction mechanism". I quote from the literature of the people who advise the rich. These mechanisms "utilise various techniques to strip profit out on its underlying investments and can reduce or eliminate the tax it is required to pay".

Not just reduce: eliminate.

This is not a world to which we have access. We pay as we earn.

The office of the Comptroller and Auditor General has done its usual efficient job. The European Commission, offended by an Apple that had become obscenely rich and disturbingly arrogant, chose to challenge the Irish Government's corporate ass-kissing. The BBC has investigated Nama in the North.

The reaction of the Government has been to deny, distract, delay - in the hope that the things we're not supposed to see can be pushed undercover before too many of the mugs notice.

The easy part is just denying there's any Apple tax-dodging. The easy part is to claim it's all an EU conspiracy.

The Nama business is harder to get around.

The Department of Finance had a draft of the C&AG's report since January. Senior government figures knew - or should have known - that it was devastating. Yet, in the vote on Mick Wallace's motion for a Nama inquiry, on June 30, FF, FG and Labour joined forces to kill it.

FF had previously called for an inquiry - but now it was part of the FG/FF set-up so it voted against the inquiry it claimed to want.

Now, the report is out - and the C&AG's office is too highly-regarded to be badmouthed - even though Nama has tried.

The Government now can't escape some kind of inquiry. Together, FF and FG will seek to limit inquiries to Project Eagle. They'll accept there were problems, cloak the whole thing in complex language and move on.

What matters more than anything else is that we move on - move away from the things we're not supposed to see.

Settle up, like that bank did in that court case, long, long ago. Do whatever's necessary, maybe find a scapegoat, move on, quickly.

They ought to halt Nama activities now, but they won't.

There are two Irelands.

In our Ireland there are thousands of homeless. In that other Ireland people get rich from soaring rents.

In our Ireland, children are deprived of crucial surgery, because - well, there's only so much money to go around. Wages in our Ireland have gone up by less than 2pc since 2007 (up 11pc in France, 23pc in Poland). Bus drivers have to strike to make ends meet, after eight years without a pay rise, after tightening their belts to keep the company going.

In that other Ireland, the one we're not supposed to see, they don't travel by bus. In that other Ireland, they have special purpose vehicles.

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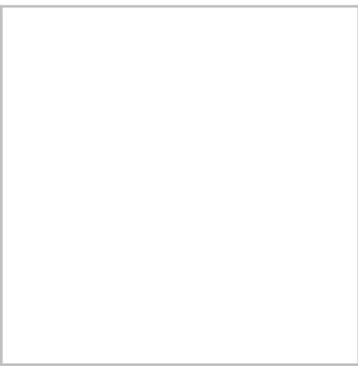
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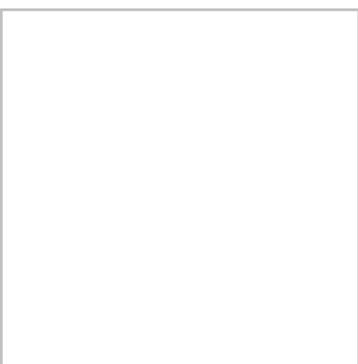
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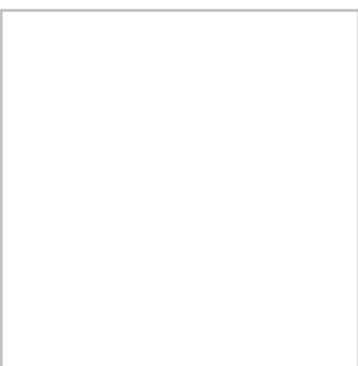
Davy named as one of four firms that will handle AIB stock sale

Donal O'Donovan Four firms, including Ireland's Davy, have been given the potentially lucrative mandate to manage the planned sale of around 25pc of AIB next year.



How an elite EU 'Maxforce' team went after Apple in €13bn tax case

Gaspard Sebag, Dara Doyle and Alex Webb The "Maxforce" is the European Union team that ordered Ireland to collect billions of euros in back taxes from Apple last August, rattled the Government here and spurred changes to international tax law.

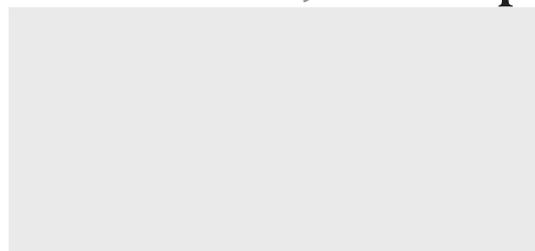
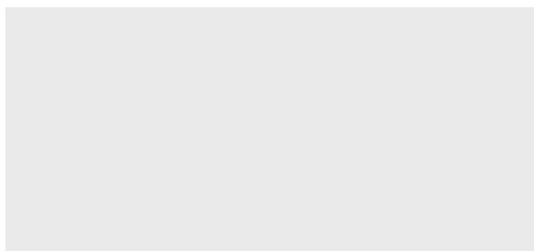
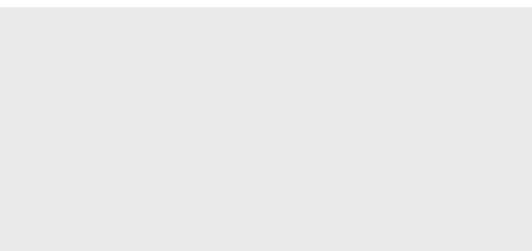


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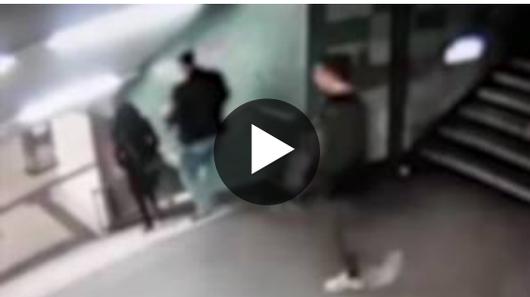




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