

# Money, money, money

As the rich grow richer, tax evasion hits the business news, and the size of bonuses being paid to company directors.

1 Match each word or phrase (a–d) with its definition (1–4). Which words and phrases are you familiar with?

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|----------------|---|
| a) tax evasion | 1) a place where tax is low   |
| b) bonus       | 2) something left out of a law, that people can use to avoid obeying it |
| c) tax haven   | 3) attempts to avoid paying tax through illegal methods                 |
| d) loophole    | 4) an extra amount, in addition to your salary                          |

Some definitions based on Macmillan English Dictionary 2<sup>nd</sup> Edition. (Text © A&C Black Publishers Ltd 2007)

2 Study the screen shots below. Scan the TV programme transcript below and complete the missing figures (a–e).

<b>Forbes list of billionaires</b> Warren Buffet (a) \$ ..... Bill Gates (b) \$ .....	<b>Tax evasion</b> EU: losses of billions of Euros Germany: loses (c) €..... a year	<b>2007 Bonuses</b> CEO BP: (d) \$ ..... CEO Goldman Sachs: (e) \$ .....
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Welcome to the business programme. Tonight, we explore the world of the super-rich. First of all, we look at the life of Warren Buffet, the investor. This month, he became the wealthiest individual on the planet, according to the annual list of billionaires published by Forbes. Buffet's wealth is calculated at \$62 billion. We are used to seeing Bill Gates, the legendary boss of Microsoft, at the top of that list, which he previously headed for an amazing thirteen years. Gates, estimated at \$52 billion, moves down into third place. Next on the programme, we look at how the rich are taxed; just how easy is it to avoid paying tax? Over to Sandra.

Thanks, Lee. Well, around 49 billionaires live in the UK. Just why is the UK so attractive for the wealthy? Many super-rich are classed as 'non-domiciled'. That means they may live here, but for tax purposes, they are classed as being 'domiciled' abroad. 'Non-doms' don't pay tax on their overseas assets. That saves you a lot of money if you are a billionaire! Of course, many of the super-rich simply move

their money to a tax-haven like Lichtenstein or Andorra. Although this is perfectly legal, the European Union countries claim they lose billions of Euros in revenue because of tax evasion. Germany alone maintains it loses up to \$45 billion a year. Is there any way such tax loopholes can be closed? Back to Lee in the studio.

Thanks, Sandra. Finally, although seven-digit boardroom pay packages are beyond most of us, we watch with envy at the latest round of executive bonuses. The CEO of BP received a £1.26m cash bonus last year; the chairman and CEO of Goldman Sachs, the most profitable bank on Wall Street, received a bonus of \$67.9m on top of his annual salary. Why do CEOs who miss their targets continue to receive performance pay? Tonight, we once again ask the question: are such huge bonuses justified? Why not have a profit share for all employees? OK, let's start tonight with that report from New York on the latest list from Forbes ...

3 Read the whole transcript. Summarise what the programme is about.

4 Find one word in each line that does not form a collocation with the word 'TAX'.

4.1	(a) to cut	(b) to perform	(c) to increase	(d) to reduce	(e) to pay	(f) to avoid	<b>TAX</b>
4.2	(a) sales	(b) income	(c) heavy	(d) direct	(e) unfair	(f) deep	
4.3	<b>TAX</b>	(a) relief	(b) evasion	(c) zero	(d) year	(e) allowance	

5 Discuss the following questions in small groups and report your ideas to the class.

- Can you name any wealthy individuals in your country? How did they acquire their wealth?
- Is the tax system in your country fair? Should the wealthy be allowed to move money to tax-free havens?
- Are executive bonuses too high? Should profits be shared more equally with all employees?