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Shell (corporation)

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For the oil company, see Royal Dutch Shell.

A **shell corporation** is defined in Barron's *Finance & Investment Handbook* as "a company that is incorporated, but has no significant assets or operations." Shell corporations are not in themselves illegal and they may have legitimate business purposes. However, they are a main component of the underground economy, especially those based in tax havens. They may also be known as *International Business Corporations* (IBCs), *Personal Investment Companies* (PICs), *front companies*, or "mailbox" companies.

A classic tax avoidance operation is based on the buying and selling through tax haven shell companies to disguise true profits. The firm does its international operations through this shell corporation, thus not having to report to its country the sums involved, avoiding any taxes. Oxfam International calculates that the flux of money flowing out from developing countries and deposited in tax havens at \$50 billion a year.

See also

- Transparency (market)
- Holding company
- Front organization
- Alternative Public Offering

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