

Iceland PM resigns after wife entangled in Panama Papers tax scandal

MalaysiaKini.com

Apr 6th, 2016

Ragnhildur and Sigurdardottir, Reuters

Iceland's Prime Minister Sigmundur David Gunnlaugsson became the first major casualty of the Panama Papers revelations, stepping down yesterday after leaked files showed his wife owned an offshore firm with big claims on the country's collapsed banks.

The ruling Progressive Party's deputy leader Sigurdur Ingi Johannsson, who holds the fisheries and agriculture portfolio, told reporters that the party had proposed to their junior coalition partner, the Independence Party, that he become the new prime minister himself.

The two parties discussed the matter yesterday evening but no agreement was reached. Talks are expected to continue.

The leaked documents from a Panamanian law firm that specialises in setting up offshore companies have shone a light on the finances of politicians and public figures from around the world, causing public outrage over how the powerful are able to hide money and avoid tax.

An Iceland government spokesperson has said the claims against Iceland's collapsed banks held by the firm owned by the prime minister's wife - in which he also temporarily held a stake - totalled more than 500 million Icelandic crowns (US\$4.1 million). Gunnlaugson has said his wife's assets were taxed in Iceland.

His decision to step down came after thousands of Icelanders gathered in front of parliament on Monday, hurling eggs and bananas and demanding the departure of the leader of the centre-right coalition government, which has been in power since 2013.

Opposition politicians, pushing for fresh general elections, also filed a motion of no-confidence in Gunnlaugson and the government on Monday. The parliamentary vote could still take place this week and could trigger elections if the motion is carried.

"It is clear our demand for new elections still stands," Left Green Party leader Katrín Jakobsdóttir told *Reuters*.

But Finance Minister Bjarni Benediktsson, from the Independence party, the junior partner in the coalition government which has absolute majority in parliament, said he hoped the coalition would continue.

"We have agreed to start talks with the Progressive Party and to try to continue the co-operation we have had and which has until now been very fruitful for the Icelandic nation," he told Reuters.

Any new election could see victory for the anti-establishment Pirate Party, according to polls the most popular political force in Iceland, which espouses grassroots democracy and transparency.

Gunnlaugsson's opponents say he should have been open about the overseas assets and the company, and that he had a conflict of interest because the government is involved in striking deals with claimants against the bankrupt banks.

Iceland's main commercial banks collapsed as the global financial crisis hit in 2008 and many Icelanders have blamed the North Atlantic island nation's politicians for not reining in the banks' debt-fuelled binge and averting a deep recession.

- *Reuters*

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source: <https://www.malaysiakini.com/news/336661>