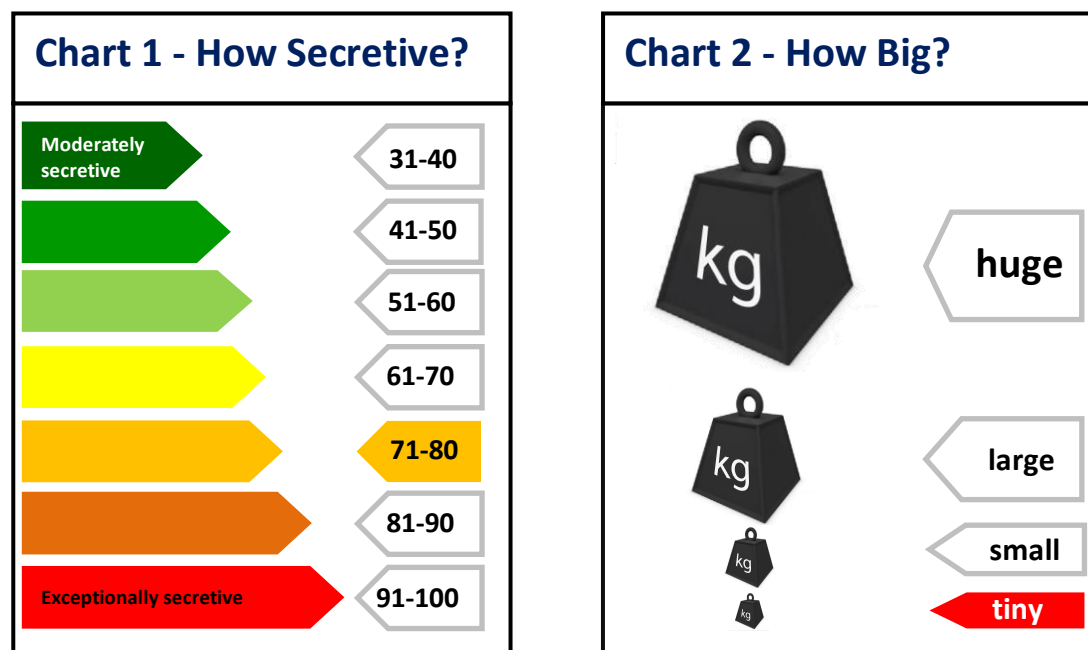


## Report on Nauru

Nauru is ranked at 81st position on the 2013 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting based on its share of the global market for offshore financial services.

Nauru has been assessed with 79 secrecy points out of a potential 100, which places it towards the top end of the secrecy scale (see chart 1 below).

No reliable data exists for determining Nauru's share of the global market for offshore financial services. However, given that it is widely regarded as a minnow, we will class it as tiny player (see chart 2 below).

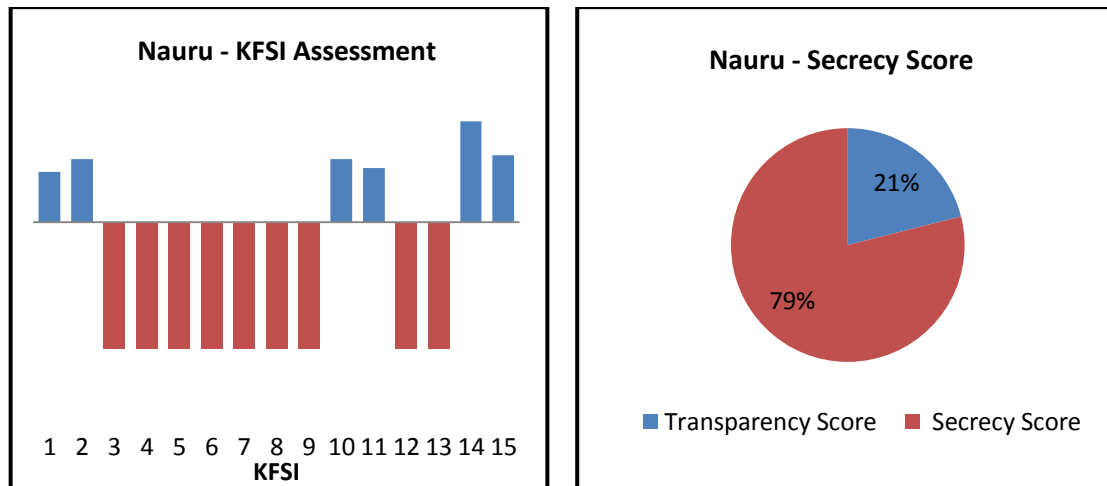


### Next steps for Nauru

Nauru's 79 per cent secrecy score shows that it must still make major progress in offering satisfactory financial transparency. If it wishes to play a full part in the modern financial community and to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities, it should take action on the points noted where it falls short of acceptable international standards. See below for details of Nauru's shortcomings on transparency. See this link <http://www.financialsecrecyindex.com/kfsi> for an overview of how each of these shortcomings can be fixed.

### Secrecy Scores

The secrecy score of 79 per cent for Nauru has been computed by assessing the jurisdiction’s performance on the 15 Key Financial Secrecy Indicators, listed below.



The numbers on the horizontal axis of the bar chart on the left refer to the Key Financial Secrecy Indicators (KFSI). The presence of a blue bar indicates a positive answer, as does blue text in the KFSI list below. The presence of a red bar indicates a negative answer as does red text in the KFSI list. Where the jurisdiction’s performance partly, but not fully complies with a Key Financial Secrecy Indicator, the text is coloured violet (combination of red and blue).

This paper draws on key data collected on Nauru. Our data sources include regulatory reports, legislation, regulation and news available at 31.12.2012<sup>1</sup>. The full data set is available [here](#)<sup>2</sup>. Our assessment is based on the 15 Key Financial Secrecy Indicators (KFSIs, below), reflecting the legal and financial arrangements of Nauru. Details of these indicators are noted in the following table and all background data can be found on the [Financial Secrecy Index website](#)<sup>3</sup>.

**The Key Financial Secrecy Indicators and the performance of Nauru are:**

TRANSPARENCY OF BENEFICIAL OWNERSHIP – Nauru	
1.	Banking Secrecy: Does the jurisdiction have banking secrecy?  <b>Nauru does not adequately curtail banking secrecy</b>

2.	Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented?  <b>Nauru partly discloses or prevents trusts and private foundations</b>
3.	Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies?  <b>Nauru does not maintain company ownership details in official records</b>
<b>KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Nauru</b>	
4.	Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for less than US\$10/€10?  <b>Nauru does not require that company ownership details are publicly available online</b>
5.	Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for a fee of less than US\$10/€10?  <b>Nauru does not require that company accounts be available on public record</b>
6.	Country-by-Country Reporting: Are all companies required to comply with country-by-country financial reporting?  <b>Nauru does not require country-by-country financial reporting by all companies</b>
<b>EFFICIENCY OF TAX AND FINANCIAL REGULATION – Nauru</b>	
7.	Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents?  <b>Nauru does not require resident paying agents to tell the domestic tax authorities about payments to non-residents</b>
8.	Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit?  <b>Nauru does not use appropriate tools for efficiently analysing tax related information</b>
9.	Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?  <b>Nauru does not avoid promoting tax evasion via a tax credit system</b>

10.	Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?  <b>Nauru partly allows harmful legal vehicles</b>
<b>INTERNATIONAL STANDARDS AND COOPERATION – Nauru</b>	
11.	Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?  <b>Nauru does not comply with international anti-money laundering standards</b>
12.	Automatic Information Exchange: Does the jurisdiction participate fully in Automatic Information Exchange such as the European Savings Tax Directive?  <b>Nauru does not participate fully in Automatic Information Exchange</b>
13.	Bilateral Treaties: Does the jurisdiction have at least 46 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention?  <b>As of 31 May, 2012, Nauru had no tax information sharing agreements complying with basic OECD requirements</b>
14.	International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency?  <b>Nauru has partly ratified relevant international treaties relating to financial transparency</b>
15.	International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues?  <b>Nauru partly cooperates with other states on money laundering and other criminal issues</b>

<sup>1</sup> With the exception of KFSI 13 for which the cut-off date is 31.05.2013. For more details, look at the endnote number 2 in the corresponding KFSI-paper here:

<http://www.financialsecrecyindex.com/PDF/13-Bilateral-Treaties.pdf>.

<sup>2</sup> That data is available here: <http://www.financialsecrecyindex.com/database/menu.xml>.

<sup>3</sup> <http://www.financialsecrecyindex.com>.