

NARRATIVE REPORT ON GAMBIA



PART 1: NARRATIVE REPORT

The Gambia is a small West African country with a GDP of US\$ 1.62¹ billion that may be described as a typical tax haven, not necessarily because of its financial secrecy or favourable tax regimes, but because of its exotic geographical features: a small country, with a 60-kilometre beachfront that makes it an attractive tourist destination.² Banking started 100 years ago in The Gambia; it has 13 conventional commercial banks and 1 Islamic bank.³ A former British colony, it attained independence on 18 February 1965 and uses a currency called ‘dalasi’.⁴

The Gambia’s secrecy profile

The Gambia has a secrecy score of 74.88, which makes it the 5th most secretive African Country and the 3rd most secretive West African country. In 2013, news broke that The Gambia was on course to establish an offshore scheme to allow the registration of potential secretive entities to incorporate through an online registry called iCommerce Registry.⁵ In 2016, the government of Gambia finally issued a statement which confirmed that the iCommerce Registry is a scam.⁶ There are companies, such as GWS Group, that still claim to offer offshore company formation as well as offshore banking services in the jurisdiction. According to the company’s website, GWS Group is based in Switzerland and in a few other countries including Liechtenstein and the United Arab Emirates. The company claims to set up an offshore account within 12 hours and promises high confidentiality and discretion, a bank account, and an anonymous company formation with nominee director, all for a fee of US \$950.⁷

In 2016, Streber Weekly published⁸ a press release issued by the Ministry of Justice of the Gambia – The report warned the general public against patronizing iCommerce Registry and Infini Africa Group because the institutions do not represent Gambia. The Government also stated that the Global Enterprise Decree 2013 and the Enterprise Zone are not legally authorized. The press release stated that the only institution responsible for the registration of companies in the Gambia is the Registrar of Companies in the Ministry of Finance. Currently, the [web link](#)⁹ to the press release cited by Streber Weekly is a dead link; the iCommerce Registry [website](#) is also unavailable, although its server is located in the United Kingdom.¹⁰

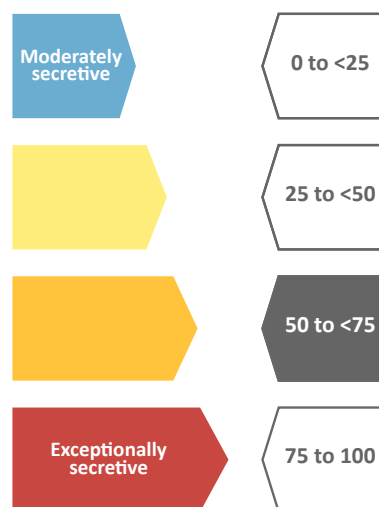
Nevertheless, the country does not prevent the establishment of trusts and private foundations, and it also does not maintain official records of company ownership.¹¹ According to The Gambia.Info website, “The Gambia is the most efficient foundation jurisdiction as it offers the clearest legal structure for Foundations, zero tax on movable and immovable assets held in the Foundation (when not located in The Gambia) and a closed registry for a high level of anonymity”.¹²

It remains unclear if the Gambian government sanctioned the iCommerce Registry and also intended to set up a secrecy scheme, or if it was a rogue registry, the type that was fraudulently set up for investors with respect to Somalia.¹³ Whatever the case, the government ought to have responded to an issue of such importance.

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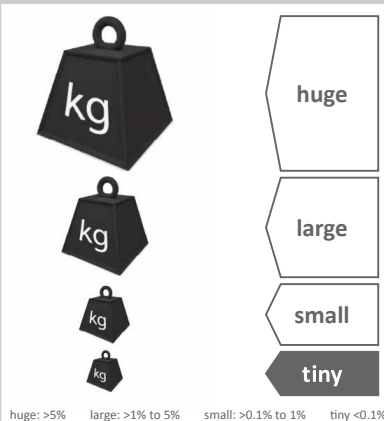
How Secretive?

75



How big?

<0.01%



Gambia accounts for 0.0001 per cent of the global market for offshore financial services. This makes it a tiny player compared to other secrecy jurisdictions.

The ranking is based on a combination of its secrecy score and scale weighting.

Full data is available here: <http://www.financialsecrecyindex.com/database>.

To find out more about the Financial Secrecy Index, please visit

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

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Money laundering

Gambia is part of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), and it has ratified the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1998 (the Vienna Convention). The country has also ratified the United Nations Convention against Transnational Organized Crime 2000 otherwise known as the Palermo convention.¹⁴ However, according to the US State Department,¹⁵ in 2011, The Gambia was linked to money laundering activities. A Gambian-based bank, the Prime Bank, was reported to have participated in money laundering activities with its parent bank, the Lebanese Canadian Bank (LCB). Both were identified as financial institutions of primary money laundering concern under Section 311 of the USA PATRIOT Act. The LCB, according to the report, facilitated money laundering activities involving international narcotics trafficking.¹⁶

The involvement of a Lebanese bank should not come as a surprise. Reports show that Lebanese abroad who are involved in illicit trade repatriate huge sums of money to Lebanon amounting to about \$7.6 billion annually.¹⁷ According to other reports,¹⁸ Deloitte, one of the big four auditing firms, was responsible for reviewing the bank's books. Deloitte's complicity in this case confirms research that the big four are key enablers in helping multinationals use secrecy jurisdictions to avoid paying taxes.¹⁹

Treaties and agreements

The Gambia has no exchange of information agreements with any jurisdictions, although it has signed double taxation agreements (DTAs) with five countries: Norway, Qatar, Switzerland, the United Kingdom and Sweden. The DTA with Switzerland is the oldest; it was signed and came into force on 26 August 1963.²⁰ Furthermore, the country has recently concluded a treaty with Mauritius,²¹ a popular jurisdiction that has set itself up as a conduit for capital and companies, especially those with an interest in investing in Africa and India.²²

In addition, The Gambia has entered bilateral investment agreements with 17 countries including Mauritania, Morocco, the Netherlands, the United Kingdom, Switzerland to mention a few. Nonetheless, only five of the agreements have come into force.²³

Investment incentives

In 2002, the Government of Gambia set up the Gambia Investment Promotion and Free Zones Agency (GIPFZA) with the primary responsibility to establish and manage Free Economic Zones around the airport in the capital city of Banjul. After 8 years, GIPFZA was restructured and transformed into the Gambia Investment and Export Promotion Agency (GIEPA) with a broader task to include export promotion and support for small and micro enterprise development.²⁴

Currently, The Gambia, through GIEPA Act 2010 provides two tax Incentives schemes for investors: the Special Investment Certificate (SIC) scheme and the Export Processing Zone (EPZ) scheme. Subject to certain conditions, the income from the trading activities in an EPZ is tax free for the first 10 years from the date of approval of the EPZ licence.²⁵

The GIEPA Act has established priority sectors and designated areas in which domestic and foreign investors can make a minimum capital investment of US \$100,000 and US \$250,000 respectively in exchange for a tax holiday which guarantees that they do not pay corporate income taxes and withholding taxes on dividends from the date of commencement of business.²⁶ The tax holiday is for five and eight years for priority and designated sectors, respectively, and other waivers, such as on import taxes, are also extended to investors.²⁷

There is much debate about whether tax incentives are beneficial or harmful to developing countries. Studies show that providing tax incentives to attract foreign direct investment in the developing countries are not necessary because other factors are more important in investment decision making, such as location, security, and infrastructure, etc.²⁸ Stausholm recently concluded in a cross-country study that the granting of tax incentives in the form of tax holidays by developing countries has negative impacts on public expenditure and sustainable development.²⁹ Especially [profit-based, as opposed to cost-based, tax incentives](#) appear to be both ineffective in attracting additional greenfield investment and carry substantial risks in terms of revenue shortfalls.³⁰

Conclusion

Although the Gambia is party to relevant multilateral conventions on illicit financial flows such as GIABA, the Vienna Convention and the Palermo convention, there are a number of cases on money laundering linked to the state. Currently, it easy to set up trusts

and private foundations with high level of anonymity in the country and there are existing companies still offering offshore services therein. Furthermore, the country still has no exchange of information agreement with any jurisdiction and continues to grant profit-based tax incentives in the form of tax holidays.

With thanks to Mustapha Ndajiwo, Executive Director, African Centre for Tax and Governance

Endnotes

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PART 2: SECRECY SCORE

OWNERSHIP REGISTRATION

- 66 1. Banking Secrecy
- 100 2. Trust and Foundations Register
- 100 3. Recorded Company Ownership
- 50 4. Other Wealth Ownership
- 100 5. Limited Partnership Transparency

LEGAL ENTITY TRANSPARENCY

- 100 6. Public Company Ownership
- 100 7. Public Company Accounts
- 100 8. Country-by-Country Reporting
- 100 9. Corporate Tax Disclosure
- 100 10. Legal Entity Identifier

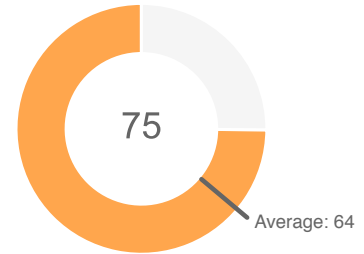
INTEGRITY OF TAX AND FINANCIAL REGULATION

- 63 11. Tax Administration Capacity
- 0 12. Consistent Personal Income Tax
- 0 13. Avoids Promoting Tax Evasion
- 100 14. Tax Court Secrecy
- 25 15. Harmful Structures
- 80 16. Public Statistics

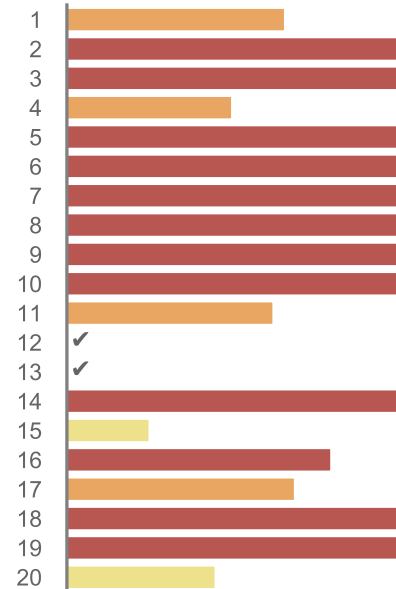
INTERNATIONAL STANDARDS AND COOPERATION

- 69 17. Anti-Money Laundering
- 100 18. Automatic Information Exchange
- 100 19. Bilateral Treaties
- 45 20. International Legal Cooperation

Secrecy Score



Key Financial Secrecy Indicators



Notes and Sources

The FSI ranking is based on a combination of a country's secrecy score and global scale weighting (click [here](#) to see our full methodology).

Gambia's secrecy score is 74.88. The secrecy score is calculated as an arithmetic average of the 20 Key Financial Secrecy Indicators (KFSI), listed on the right. Each indicator is explained in more detail in the links accessible by clicking on the name of the KFSI.

A grey tick in the chart above indicates full compliance with the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); colours in between partial compliance.

This report draws on data sources that include regulatory reports, legislation, regulation and news available as of 30 September 2019 (or later in some cases).

Full data is available here: <http://www.financialsecrindex.com/database>.

To find out more about the Financial Secrecy Index, please visit <http://www.financialsecrindex.com>.