Secrecy Indicator 12: Consistent Personal Income Tax

What is measured?

This indicator analyses whether a jurisdiction applies a Personal Income Tax (PIT) regime which is compatible with the (progressive) income tax systems of most jurisdictions worldwide, or if its laws provide laxity around citizenship and/or residency, and if its personal income tax legislation is narrow in scope, resulting in financial secrecy sinks for tax dodgers and criminals.

Two dimensions of a jurisdiction's legal framework are jointly analysed:

1. **Comprehensive scope of a personal income tax**: we assess if there is any personal income tax at all; if worldwide income is subject to this tax (instead of a territorial or remittance system); if a uniform tax regime applies (no opt-outs through lump sum taxation or special expatriate regimes etc); and if the scope is complete (including capital gains; no exemption or exclusion of specific types of income).
2. **Tight citizenship and/or residency**: we assess whether (i) citizenship (passports) can be acquired against a passive investment or payment only after meeting a minimum physical presence requirement (instead of obtaining citizenship against passive investment or payment made by the person without meeting a minimum physical presence requirement); and (ii) a certificate of "residency" can be acquired against a passive investment or payment, as long as the minimum physical presence requirement in the jurisdiction is maintained.

For the purpose of this SI, a zero points secrecy score (full transparency) will be awarded to jurisdictions which levy a personal income tax with a comprehensive scope, regardless of the citizenship or residency rules. Jurisdictions that fail on the comprehensive worldwide personal income tax receive a partial secrecy score, depending on their scope and the tight or lax citizenship and residency rules. The highest 100 point secrecy score (full opacity) applies to jurisdictions that provide lax citizenship or residency rules while not levying any personal income tax. These jurisdictions export financial secrecy by creating incentives for non-residents to abuse passports/citizenship and residency certificates to circumvent tax information exchange and to escape litigation and law enforcement.

The secrecy scoring matrix is shown in Table 1, with full details of the assessment logic given in Table 3.

Table 1. Secrecy Scoring Matrix: Secrecy Indicator 12

Regulation [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]		Citizenship/Residency **Tight Citizenship/ Residency acquisition** Citizenship and/or residency are granted in exchange for passive investment or payment **with** the need to meet minimum physical presence requirements	Citizenship/Residency **Lax Citizenship/ Residency acquisition** Citizenship and/or residency are granted in exchange for passive investment or payment **without** the need to meet minimum physical presence requirements
Personal Income Tax Regime	**No Personal Income Tax (PIT)** PIT does not exist or is not applied or a jurisdiction is part of Annex A under the MCAA (voluntary secrecy) or otherwise not compliant with basic confidentiality requirements to receive information	75	100
	Incomprehensive PIT Regime While there is a PIT regime, any of the subsequent limitations apply: **Territorial scope**: Only domestic source income is included, or worldwide income only on a remittance basis **OR** **Incomplete scope**: capital gains are not taxed, or specific types of income are exempt or excluded **OR** **Opt Out Available**: (covering worldwide income), there is an opt out from the overall PIT regime (e.g. lump sum taxation, non-domiciled regime, special expatriate regime etc.)	37.5	75
	Comprehensive PIT Regime There is one single uniform PIT that taxes worldwide income (and the jurisdiction has not chosen voluntary secrecy under MCAA's Annex A and compliant with basic confidentiality requirements to receive information)	0	

For a personal income tax regime to be considered comprehensive in its scope, there needs to be one single uniform personal income tax that applies the same tax base rules and a rate above zero percent equally to all natural persons considered tax residents. Any opt out from the general tax regime in a certain jurisdiction, eg through lump sum taxation or tax exemption on foreign-sourced income for new residents (ie a special expatriate regime), or residents considered to be non-domiciled for tax purposes,[1] would imply that the jurisdiction does not have a single uniform personal income tax.

Furthermore, the single uniform personal income tax base would need to include all income a tax resident is entitled to or paid anywhere in the world (worldwide income criterion). If (some or all) overseas income can remain untaxed, either because the jurisdiction, fully or partially, applies a territorial tax base or taxes on a remittance and/or accrual basis, the personal income tax would not be considered comprehensive.

In addition, the personal income tax needs to be complete in terms of the income covered. All capital gains earned worldwide should be part of personal income tax or be taxed separately – either as part of another tax, eg wealth tax, or independently – for it to be considered complete. The same applies for any specific types of income, especially investment income: any investment income should not be exempt nor excluded from the overall tax base, or it should be taxed independently. A jurisdiction that does not tax income, dividends, capital gains derived from foreign sources is therefore considered as having an incomplete personal income tax. Many jurisdictions, however, allow for tax exemption on capital gains from the sale of a private home or from real estate held longer than a certain number of years. We consider the personal income tax to be complete as long as the exemption from capital gains taxation on real estate applies after holding it for longer than 3 years or if it only applies to a privately held home.

In circumstances where jurisdictions exempt dividends paid by domestic companies or capital gains derived from the sales of domestic companies' shares, we do not consider the personal income tax as incomplete, given that these exemptions are limited to income derived from domestic sources. By the same token, exemptions on employment income are out of scope of this indicator and are not taken into account in the personal income tax assessment.

For citizenship programs to be considered tight, citizenship and passports by passive investment or monetary payment should not be provided without a requirement to reside at least 2 years in the jurisdiction (whereby a year of residency means a physical presence of at least 183 days).

For residency programs to be considered tight, residency permits should not be available in exchange for passive investments, payments or on financial grounds only. If permits are available under such conditions, these should be revoked if the individual does not maintain a significant physical presence (more than 183 days in a year) in the jurisdiction. A residence permit is different from a simple tourist visa if it allows the individual to stay longer than one year in the jurisdiction. Temporary residency permits are also considered.

Citizenship or residency permits which are granted against active investments are not within the scope of this indicator.[2] In contrast, we do consider the discretionary granting of nationality on the grounds of the "economic interest of the State" within the scope of this indicator, given that passive investment might be regarded as being in favour of the State's interests.[3]

Consequently, jurisdictions that issue passports or residency permits to individuals against the purchasing of real estate or other financial assets in the country or the showing of proof of high-net-worth assets, will be considered as having lax citizenship and residency rules.

Jurisdictions identified by the OECD as having residency/citizenship programmes that potentially pose a high-risk to the integrity of the Common Reporting Standard (CRS)[4] are automatically considered for this indicator as having a lax citizenship/residency acquisition.

The information for this indicator was drawn mainly from the following sources: a) OECD Automatic Exchange Portal;[5] b) A database of residency and citizenship programmes entitled: "Residence and Citizenship by Investment: An Updated Database on Immigrant Investor Programs";[6] c) Results of TJN Survey 2021[7] and previous versions; d) The publication entitled: "Buying in: Residence and Citizenship by Investment";[8] e) European Parliament publication entitled: "Citizenship by investment (CBI) and residency by investment (RBI) schemes in the EU";[9] f) European Parliament publication entitled: "Avenues for EU action on citizenship and residence by investment schemes";[10] g) in some instances, we have also consulted additional relevant websites or the local legislation of jurisdictions.

Whenever we did not find any information online about residency/citizenship by investment programmes in a certain jurisdiction, we assumed these programmes do not exist and thus citizenship/residency acquisition is considered tight for that jurisdiction.

Why is this important?

Most jurisdictions have adopted the residence principle with regards to the taxation of individuals. A jurisdiction levies taxes on the worldwide income received by an individual who resides within its boundaries. The underlying logic is that individuals who are resident in one country will make use of the country's public services, which are funded by tax revenues.[11] It is not decisive where an individual derives their income from, therefore their worldwide income should be taken into account.

Jurisdictions that only tax income on a territorial basis, apply special expatriate regimes,[12] exempt some types of income, or do not use any income tax at all are therefore attractive for individuals wishing to escape law enforcement, or to avoid the assessment of their worldwide income. However, without the ability to assess individuals' worldwide income, the available information is severely constrained. If individuals are engaged in illicit financial activity in another jurisdiction, relevant financial information available for answering requests for information exchange may not exist, shielding them from effective prosecution and facilitating their escape from accountability.

But also for a jurisdiction applying a tight residency regime, its enforcement relies on a tax administration's capacity to correctly assess the worldwide income of the jurisdiction's residents. This might be hampered by other jurisdictions with non comprehensive income tax regimes and/or by jurisdictions that provide passports or residency permits through investment. The reasoning for the way lax citizenship and residence by investment programs may lead to secrecy spillovers, resulting in lower or no taxation elsewhere, is explained below.

Until recently, tax administrations have relied almost exclusively on information exchange upon request. If a jurisdiction suspected an individual of tax evasion, it could request information from the tax administrations of other jurisdictions (see SI 19 on information exchange upon request[13]). However, if a jurisdiction does not tax worldwide income (or worse, does not levy any income tax) it will collect only insufficient (or no) tax information on its residents. Therefore, such jurisdictions are especially attractive for individuals who do not wish their financial information to be collected.

To address some of these deficiencies and to rely less on the jurisdictions' specific tax systems, the Common Reporting Standard (CRS) for automatic exchange of information for tax purposes was devised and published by the OECD in February 2014. It provides a multilateral framework for exchanging details of accounts owned or controlled by individuals between participating jurisdictions, ie jurisdictions that have signed the Multilateral Competent Authority Agreement (MCAA). As of 31 January 2022, 115 jurisdictions have already signed the MCAA,[14] although not every signatory exchanges data with every other signatory (see SI 18 for more details[15]).

Financial institutions (FIs) in jurisdictions that have signed up to the CRS (ie "participating jurisdictions"), are required to collect and report account information about, among others, any (natural person) account holder or any natural person controlling some types[16] of companies, trusts or foundations, as long as any of these individuals (natural persons) are resident in any jurisdiction with which the former jurisdiction has an activated exchange relationship. The account holders and controlling persons are thus considered "reportable persons".

However, even a jurisdiction which has signed and implemented the CRS and has activated exchange relationships, can still contribute to financial secrecy. A crucial part of the CRS is the correct determination of an individual's residence for tax purposes because the tax residency determines to which jurisdiction the collected information will be sent.[17] In order to ascertain tax residency pursuant to the CRS, financial institutions of a participating jurisdiction need to collect specific information of any “reportable person”. Table 2 provides an overview of the process and indicia for determining tax residency depending on the type of account.

Table 2. Determination of tax residence under the CRS

Pre-existing account		New account
Lower value (Less than 1 M USD)	**Higher value (More than 1 M USD)**	**Any value**
Residence address based on documentary evidence. Acceptable documentary evidence: Any government ID containing a current address such as identity card; driving license; voting card; certificate of residence **OR** When those do not contain a current address or any address: Formal notifications or assessments by a tax administration; electricity bill; water bill; landline bill; gas/oil bill **OR** Self-declaration under penalty of perjury	Residence address based on documentary evidence (see left column). **AND** Search for indicia indicating residence in reportable jurisdiction in bank's records Indicia are: Former residence address; mailing address; telephone numbers; standing instructions of fund transfer to an account in reportable jurisdiction; power of attorney to a person with address in reportable jurisdiction; “Hold-mail” or “In care of” address in reportable jurisdiction **AND** Enquiry with relationship manager	Residence address based on documentary evidence (see left column). **AND** Comparison with data obtained under Anti-Money-Laundering and Know-Your-Customer procedures for other regulatory purposes which generally also require a documented permanent address and a proof of identity through passport
Source: CRS commentary on Section III	Source: CRS Section III, §10	Source: CRS Section IV, FATF recommendation R.5

For a financial institution's pre-existing accounts of lower value (less than US$1 million), an individual is only required to self-certify their residence with a government document containing a current address (for example an ID, passport, driving license, residence certificate) or a utility bill or tax assessment containing the individual's name and address.[18] However, the Common Reporting Standard requires the financial institution in the case of higher value accounts (more than US$1 million) to search its records for indicia (such as former residence addresses, other mailing addresses, telephone numbers, or instructions to transfer funds) that could also suggest a residence in another jurisdiction.[19] If the financial institution found contradicting indicia (there are indicia about more than one jurisdiction or the indicia do not match what the account holder declares as his/her residency) the financial institution has to obtain an explanation from the account holder. If the Financial Institution receives no explanation or if it is not satisfied with the explanation, the Financial Institution would need to send information to any jurisdiction that it finds indicia for.[20] Moreover, in the case of new accounts, a financial institution must test the residence information provided by the client for reasonableness, notably based on information obtained through Anti-Money-Laundering and Know-Your-Customer procedures.[21]

This is where citizenship-by-investment or residency-by-investment comes into play. Economic citizenship programmes, passports of convenience, certificates of residence and similar phenomena and associated challenges of governance and integrity have been debated for a long time.[22] In recent years, however, several countries have started to loosen the criteria for obtaining citizenship and/or residency and provided various "economic citizenship programmes" where foreign individuals can acquire passports[23] or residency permits by paying money into a state fund, investing in financial assets or real estate, renting an apartment in the jurisdiction[24] or even investing in cryptocurrencies.[25]

An account holder living in country A (but trying to remain hidden from country A's authorities) could thus use a passport or a certificate of residency from country X to convince the financial institution that he/she is resident (for CRS purposes) in country X, even if in reality that person resides and works in country A. For example, if the client can produce a passport indicating citizenship or a certificate of residency indicating residency in the same jurisdiction as the Financial Institution, there is a greater probability that the person will be considered a non-reportable person.[26]

Therefore, citizenship-by-investment and residency-by-investment programmes constitute a significant obstacle for the automatic exchange of information for tax purposes. Obviously, an individual wishing to evade taxes has an incentive to falsely declare tax residency in a jurisdiction that only applies a territorial income tax system, other kinds of incomprehensive income taxation or (worse) does not levy income tax at all.

Therefore, even if all jurisdictions become "participating jurisdictions" to the CRS, the selling of passports or residency certificates by a jurisdiction could enable tax dodgers to avoid their information being reported to their relevant jurisdiction of residence by either:

(a) falsely declaring residence in a jurisdiction which doesn't have a comprehensive personal income tax and providing a passport or certificate of residence by the same jurisdiction. This way, the account information will end up being transmitted to the tax haven jurisdiction which will then ignore it or parts of it, given the account holder will not be liable for worldwide income tax there;

(b) falsely declaring residence in a jurisdiction which is listed in Annex A of the MCAA[27] (ie jurisdictions which only send, but do not receive any account information) or in a jurisdiction which is not committed to the CRS. This way, information will not be collected nor reported on those account holders.

Moreover, jurisdictions that provide passports or residency permits through investment may also serve individuals engaged in other illicit financial activities.[28] In February 2022, shortly after the Russian-Ukraine war had erupted, the United Kingdom abolished its golden visa program with immediate effect. According to the BBC News: “the route to residency is now being closed with immediate effect, with the government saying it ‘failed to deliver for the UK people and gave opportunities for corrupt elites to access the UK’”.[29]

Citizenship-by-investment or residency-by-investment could also play another role of hiding individuals that were already found guilty of tax evasion or other financial crimes. As Global Witness put it: “After all, if the passport makes you a citizen of a country that has a non-extradition treaty with your country and enjoys strong rule of law you can sleep safe and sound in your luxury home”.[30]

All underlying data, including the sources we use for each jurisdiction, can be viewed in the country profiles on the Financial Secrecy Index website.

Table 3. Assessment Logic: Secrecy Indicator 12 - Consistent Personal Income Tax

ID	ID description	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
435	Personal Income Taxation: Is there a personal income tax with a comprehensive scope?	0: No, there is no personal income tax; 1: No, personal income tax is levied, either fully or partially, only on a territorial or remittance basis; 2: No, lump sum/flat charge/exemption of taxes are available instead of regular personal income taxation; 3: Yes, there is a uniform personal income tax regime with a worldwide income tax base.	Integrated assessment of Personal Income Tax and Citizenship- or Residency-by-Investment Schemes. If there is a comprehensive personal income tax with worldwide scope, zero secrecy score. If no PIT or Annex A in CRS (see SI 18[31]), and lax residency- or citizenship-by-investment rules: 100 secrecy score. Three intermediate scores for partial compliance (see Table 1).
374	CRS MCAA Voluntary Secrecy: Has the jurisdiction chosen “voluntary secrecy” (listed under the MCAA’s Annex A to prevent receiving information) or is otherwise not compliant with basic confidentiality requirements to receive information?	YN	
489	Citizenship-By-Investment and Residency-By-Investment Schemes: Can individuals acquire citizenship, passports or residency status in exchange for an investment or another payment without the need to meet minimum physical presence requirements?	YN	

Results Overview

Figure 1. Consistent Personal Income Tax: Secrecy Score Overview

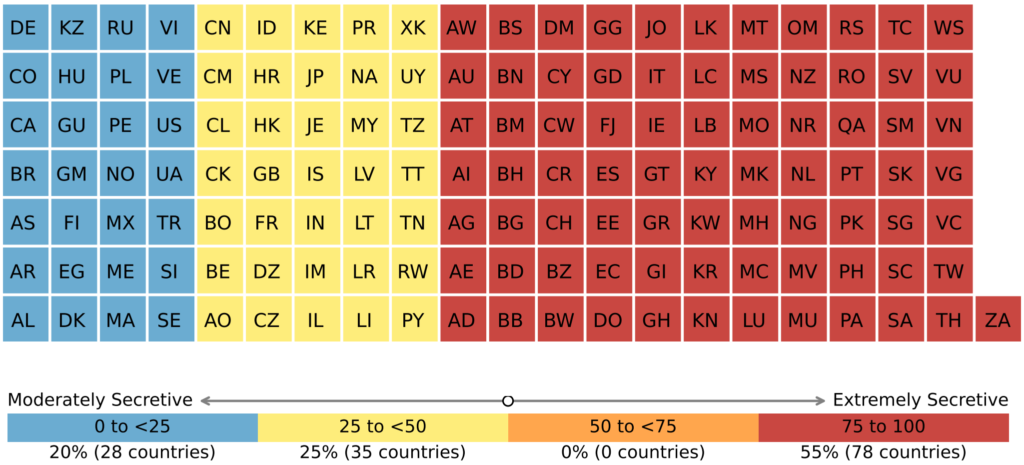

Figure 2. Voluntary Secrecy under MCAA's Annex A

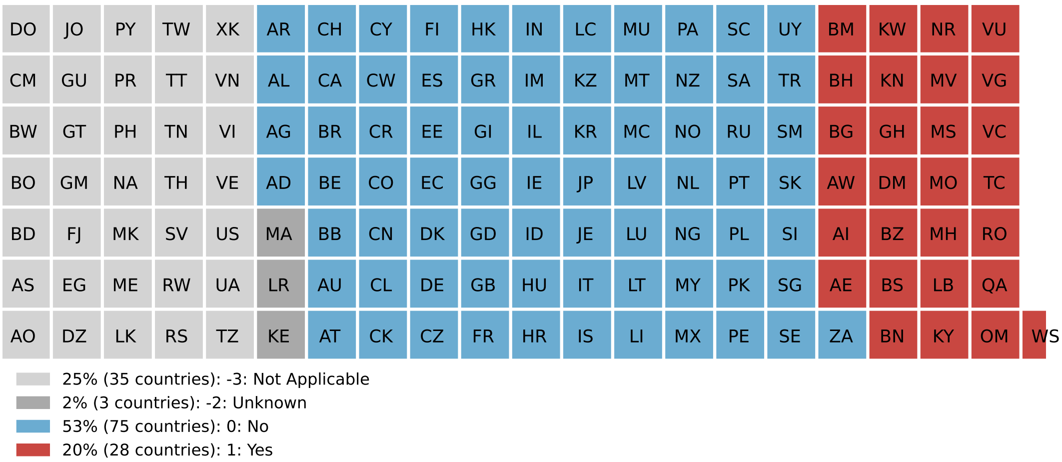

Figure 3. Comprehensive Personal Income Tax Regime

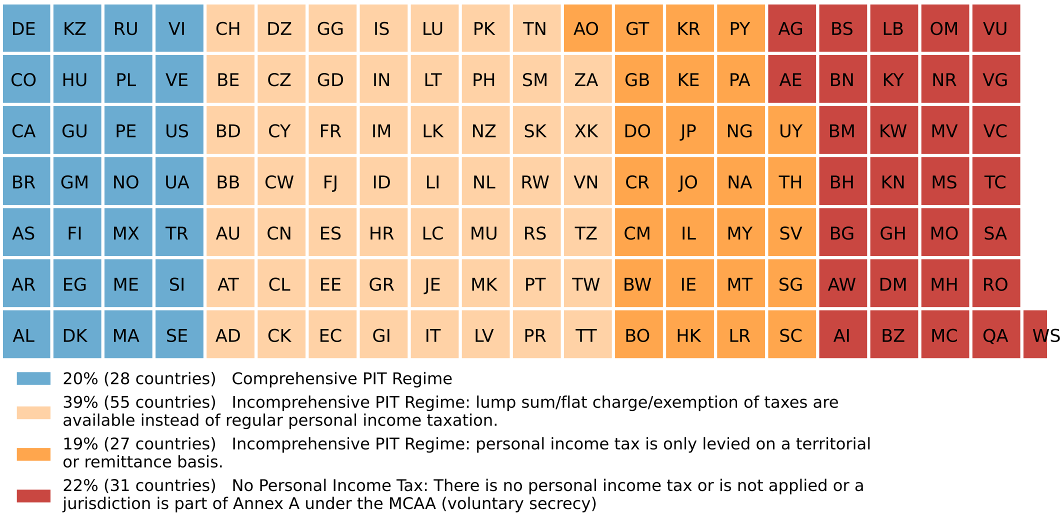

Table 4. Consistency of Personal Income Tax Overview

	Secrecy Score	Number of Jurisdictions
High-Risk Lax Citizenship/Residency & either: **(i)** No Personal Income Tax; or **(ii)** Voluntary Secrecy under MCAA's Annex A (regardless of PIT regime) or non-compliant with basic confidentiality requirements to receive information	100	23
Active Promotion **(i)** Lax Citizenship/Residency & Incomprehensive PIT; or **(ii)** Tight Citizenship/Residency & NO Personal Income Tax; or **(iii)** Tight Citizenship/Residency & Voluntary Secrecy under MCAA Annex A or non-compliant with basic confidentiality requirements to receive information (regardless of PIT regime)	75	39
Implicit Promotion Tight Citizenship/Residency but Incomprehensive PIT Regime	37.5	24
No risk Comprehensive Personal Income Tax Regime (and no voluntary secrecy under MCAA's Annex A)	0	47

Figure 4. Consistent Personal Income Tax: Secrecy Scores

Secrecy score	ISO2: Country Name
75	AD: Andorra
100	AE: United Arab Emirates
100	AG: Antigua and Barbuda
100	AI: Anguilla
0	AL: Albania
38	AO: Angola
0	AR: Argentina
0	AS: American Samoa
75	AT: Austria
75	AU: Australia
75	AW: Aruba
75	BB: Barbados
75	BD: Bangladesh
38	BE: Belgium
100	BG: Bulgaria
100	BH: Bahrain
100	BM: Bermuda
75	BN: Brunei
38	BO: Bolivia
0	BR: Brazil
100	BS: Bahamas
75	BW: Botswana
100	BZ: Belize
0	CA: Canada
75	CH: Switzerland
38	CK: Cook Islands
38	CL: Chile
38	CM: Cameroon
38	CN: China
0	CO: Colombia
75	CR: Costa Rica
75	CW: Curacao
75	CY: Cyprus
38	CZ: Czechia
0	DE: Germany
0	DK: Denmark
100	DM: Dominica
75	DO: Dominican Republic
38	DZ: Algeria
75	EC: Ecuador
75	EE: Estonia
0	EG: Egypt
75	ES: Spain
0	FI: Finland
75	FJ: Fiji
38	FR: France
38	GB: United Kingdom
75	GD: Grenada
75	GG: Guernsey
75	GH: Ghana
75	GI: Gibraltar
0	GM: Gambia
75	GR: Greece
75	GT: Guatemala
0	GU: Guam
38	HK: Hong Kong
38	HR: Croatia
0	HU: Hungary
38	ID: Indonesia
75	IE: Ireland
38	IL: Israel
38	IM: Isle of Man
38	IN: India
38	IS: Iceland
75	IT: Italy
38	JE: Jersey
75	JO: Jordan
38	JP: Japan
38	KE: Kenya
100	KN: St. Kitts and Nevis
75	KR: South Korea
75	KW: Kuwait
100	KY: Cayman Islands
0	KZ: Kazakhstan
100	LB: Lebanon
75	LC: St. Lucia
38	LI: Liechtenstein
75	LK: Sri Lanka
38	LR: Liberia
38	LT: Lithuania
75	LU: Luxembourg
38	LV: Latvia
0	MA: Morocco
100	MC: Monaco
0	ME: Montenegro
75	MH: Marshall Islands
75	MK: North Macedonia
75	MO: Macao
100	MS: Montserrat
75	MT: Malta
75	MU: Mauritius
100	MV: Maldives
0	MX: Mexico
38	MY: Malaysia
38	NA: Namibia
75	NG: Nigeria
75	NL: Netherlands
0	NO: Norway
75	NR: Nauru
75	NZ: New Zealand
100	OM: Oman
75	PA: Panama
0	PE: Peru
75	PH: Philippines
75	PK: Pakistan
0	PL: Poland
38	PR: Puerto Rico
75	PT: Portugal
38	PY: Paraguay
100	QA: Qatar
75	RO: Romania
75	RS: Serbia
0	RU: Russia
38	RW: Rwanda
100	SA: Saudi Arabia
75	SC: Seychelles
0	SE: Sweden
75	SG: Singapore
0	SI: Slovenia
75	SK: Slovakia
75	SM: San Marino
75	SV: El Salvador
100	TC: Turks and Caicos Islands
75	TH: Thailand
38	TN: Tunisia
0	TR: Turkey
38	TT: Trinidad and Tobago
75	TW: Taiwan
38	TZ: Tanzania
0	UA: Ukraine
0	US: United States
38	UY: Uruguay
75	VC: St. Vincent and the Grenadines
0	VE: Venezuela
75	VG: British Virgin Islands
0	VI: US Virgin Islands
75	VN: Vietnam
100	VU: Vanuatu
100	WS: Samoa
38	XK: Kosovo
75	ZA: South Africa

Secrecy Score

Moderately Secretive ← → Extremely Secretive

0 to <25	25 to <50	50 to <75	75 to 100

Endnotes

1. Jurisdictions use different terms, such as foreign resident, resident alien, short-term resident, temporary resident, non-permanent resident or non-habitual resident, to exempt foreign income of individual taxpayers that reside in the jurisdiction but do not have to pay tax in the jurisdiction on income and capital gains earned overseas.

2. The following example might be used as a criteria to assess an active investment scheme: "the applicant is typically expected to prove a track record in business, submit a viable business plan for evaluation, and be involved in the company's day-to-day activities."[32]

3. Examples of discretionary programmes are Austria, Bulgaria, Slovenia, and Slovakia.[33]

4. OECD. *Residence/Citizenship by Investment - Organisation for Economic Co-operation and Development*. URL: https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/residence-citizenship-by-investment/ (visited on 04/05/2022).

5. OECD, *Residence/Citizenship by Investment - Organisation for Economic Co-operation and Development*.

6. Leila Adim. *Residence and Citizenship by Investment: An Updated Database on Immigrant Investor Programs (2021)*. 2021. URL: https://www.researchgate.net/publication/354224352_Residence_and_Citizenship_by_Investment_an_updated_database_on_Immigrant_Investor_Programs_2021 (visited on 04/05/2022).

7. Tax Justice Network. *TJN Survey*. 2021. URL: http://fsi.taxjustice.net/fsi2022/TJN-Survey-2021.pdf (visited on 11/05/2022).

8. Allison Christians. *Buying in: Residence and Citizenship by Investment*. SSRN Scholarly Paper ID 3043325. Rochester, NY: Social Science Research Network, Sept. 2017. URL: https://papers.ssrn.com/abstract=3043325 (visited on 02/05/2022).

9. Amandine Scherrer and Elodie Thirion. *Citizenship by Investment (CBI) and Residency by Investment (RBI) Schemes in the EU: State of Play, Issues and Impacts*. 2018. URL: https://data.europa.eu/doi/10.2861/10673 (visited on 06/05/2022).

10. Meenakshi Fernandes et al. *Avenues for EU Action on Citizenship and Residence by Investment Schemes - European Added Value Assessment*. 2021. URL: https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU(2021)694217 (visited on 04/05/2022).

11. Peter Dietsch and Thomas Rixen. ‘Tax Competition and Global Background Justice’. *The Journal of Political Philosophy*, 22(2) (2014), pp. 150–177. URL: https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-9760.2012.00419.x (visited on 08/04/2022), p159.

12. Such regimes offer favorable treatment mainly to high-net-worth individuals, qualifying individuals earning foreign pension income, and professional artists and sportspeople who wish to relocate their residency. As part of granting such individuals a favorable treatment, jurisdictions apply a lump-sump taxation or exclude foreign-sourced income from their tax base. Spain has a unique role as the first mover for offering this type of regime to professional sportspeople. Spain has implemented a special tax regime for “inpatriates”, that is an elective expatriation regime for foreign residents in Spain. Even though they are residents in Spain, Spain treats them as if they are non-residents and taxes them only on their Spanish-source income for five years from the moment they move to Spain..[34] This special regime is also known as “the Beckham Law”, after the well-known English football player David Beckham, who was one of the first celebrities to benefit from this regime to play for the famous Spanish football team “Real Madrid”.[35]

13. Tax Justice Network. *Secrecy Indicator 19: Exchange of Information on Request*. Tax Justice Network, 2022. URL: https://fsi.taxjustice.net/fsi2022/KFSI-19.pdf.

14. OECD. *Signatories of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and Intended First Information Exchange Date - Status as of November 2021*. 2021. URL: http://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/crs-mcaa-signatories.pdf (visited on 01/04/2022).

15. Tax Justice Network. *Secrecy Indicator 18: Automatic Information Exchange*. Tax Justice Network, 2022. URL: https://fsi.taxjustice.net/fsi2022/KFSI-18.pdf.

16. Controlling persons will only be identified if the entity (company, trust or foundation) through which they hold an account is considered “passive” because most of its income is passive (eg interests, dividends, royalties, etc).

17. In principle, the only parameter that could quite clearly attribute tax residency of an individual to one jurisdiction and thus avoid both double-taxation and double-non-taxation is the test whether the individual effectively spends 183 days or more in the jurisdiction. However, given it is not always easy to assess and it is also theoretically possible that a frequently moving individual does not spend 183 days in a year in any jurisdiction, most jurisdictions use several indicators to determine tax residency, such as the disposal of a permanent home and the center of economic and personal interests of an individual.

18. OECD. *Common Reporting Standard and Related Commentaries - Organisation for Economic Co-operation and Development*. 2017. URL: https://www.oecd.org/tax/automatic-exchange/common-reporting-standard/common-reporting-standard-and-related-commentaries/ (visited on 04/05/2022), Section III, B..

19. OECD, *Common Reporting Standard and Related Commentaries - Organisation for Economic Co-operation and Development*, Section III, B.C..

20. For pre-existing individual accounts: “A self-certification (and/or documentary evidence) would be needed in case of conflicting indicia, in the absence of which reporting would be done to all reportable jurisdictions for which indicia have been found.”.[36]

21. As for new accounts, information collected pursuant to the anti-money laundering due diligence procedures is taken into account as part of a reasonableness test for determining the residency, but multiple reporting is not foreseen. For new accounts, sending information to multiple jurisdictions happens when there is a change of circumstances and the account holder does not explain the situation. In such cases, information is sent to the jurisdiction of original self-certification, and to the jurisdiction that is resulting from the "change of circumstances".[37]

22. For the "passports of convenience" debate prior to 2007 see:.[38] A broader discussion of the issue is also available:.[39]

23. Hugh Muir. 'We've Hit Peak Injustice: A World without Borders, but Only for the Super-Rich'. *The Guardian* (Sept. 2017). URL: https://www.theguardian.com/commentisfree/2017/sep/18/peak-injustice-world-without-borders-super-rich-buying-citizenship-migration (visited on 04/05/2022); Karl Küpper and Oliver von Schweinitz. 'The Definition of "Residency" Under the Common Reporting Standard'. *International Journal for Financial Services*, (2) (2015), pp. 119–125.

24. Adim, *Residence and Citizenship by Investment: An Updated Database on Immigrant Investor Programs (2021)*; Christians, *Buying In*.

25. For example, El Salvador offers permanent residency to anyone who spends three Bitcoin in the jurisdiction (around 125,000 US$ at the time of the introduction of the program).[40]

26. Francis Weyzig. *Defying the OECD's Crackdown on Tax Evasion*. Sept. 2017. URL: https://francisweyzig.com/2017/09/24/defying-the-oecds-crackdown-on-tax-evasion/ (visited on 03/05/2022).

27. OECD. *Multilateral Competent Authority Agreement On Automatic Exchange Of Financial Account Information*. 2014. URL: http://www.oecd.org/ctp/exchange-of-tax-information/multilateral-competent-authority-agreement.pdf (visited on 01/04/2022).

28. Such programs also have a negative spillover effect other than serving illicit financial flows. Citizenship or residency against real estate investment may create a housing price boom and a crisis in the jurisdiction to the detriment of ordinary citizens/residents.[41]

29. 'UK Scraps Rich Foreign Investor Visa Scheme'. *BBC News* (Feb. 2022). URL: https://www.bbc.com/news/uk-politics-60410844 (visited on 04/05/2022).

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