

Secrecy Indicator 7: Public Company Accounts

What is measured?

This indicator considers whether a jurisdiction requires all available types of company with limited liability to file their annual accounts with a government authority or administration and makes them accessible online for free, at a maximum cost of US\$10, €10 or £10 or in an accessible format from which the data can be easily copied.¹

The secrecy scoring matrix is shown in Table 1, with full details of the assessment logic given in Table 2.

Table 1. Secrecy Scoring Matrix: Secrecy Indicator 7

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Not online (at small cost) Companies do not always publish their annual accounts online for a cost of up to US\$10, €10 or £10, or unknown.	100
Online at small cost All types of companies file their annual accounts and publish them online at a cost of up to US\$10, €10 or £10.	50
Online for free, but not in a format which can be easily copied All types of companies file their annual accounts and publish them online for free, but not in a format which can be easily copied.	25
Online, free and in format which can be easily copied All types of companies file their annual accounts and publish them online for free and in a format which can be easily copied.	0

If not all types of limited companies publish their annual accounts online, then the secrecy score is 100 points. If the annual accounts are available online but there is a cost to access them, the secrecy score will be reduced to 50 points. In cases where the annual accounts are available online for free, the secrecy score will be further reduced to 25 points. To obtain a zero secrecy score, this data needs to be accessible online for free and in a format in which data can be easily copied and pasted, and used for data analysis. Even if the cost per record is low, it can be prohibitively expensive to import and use this information, which limits the uses of the data. Access costs create substantial hurdles for conducting real time network analyses, for constructing cross-references between companies and jurisdictions. Complex payment or user-registration arrangements for accessing the data (eg registration of an account, requirement of a local identification number or sending a hard-copy request by post) should not be required.²

Other requirements refer to the accessibility of the information. Data is considered accessible only when it is fully downloadable from the internet in a format that can be used for data analysis (for example: XLS, XBRL and XML) or in a format that allows for copying and pasting the relevant information, and the pasted text is clear and usable. For example, if accounts are available only in pdf, we consider the data is not accessible as it is not possible to copy and paste the data in a clear and usable way.

We performed a random search of each of the relevant corporate registries to ensure that the accounts are effectively available online and that technical problems do not persistently block access. A precondition for a reduction of the secrecy score is that all available types of companies with limited liability - including small companies³ - are required to keep accounting records, including underlying documentation, for a period of at least five years and that they are required to submit accounts to a public authority. Given the risks involved in the absence of proper requirements for the retention of underlying documentation, we also apply these criteria for companies that are considered inactive or have ceased to exist for various reasons. An exception is made for cases of liquidation, where usually an external party, such as an insolvency practitioner, is involved and hence the risks posed by liquidated companies without sufficient records are fairly low.

We have drawn the information for this indicator from five principal sources. First, the Global Forum peer reviews⁴ have been used to find out whether a company's financial statements are required to be submitted to a government authority, and if reliable accounting records need to be kept by the company in the jurisdiction. The latter is important because if the accounts are kept outside the jurisdiction, it is much more difficult – and sometimes even impossible – to enforce this legal obligation. Second, private sector internet sources have been consulted, including Lowtax.net.⁵ Third, results of the Tax Justice Network Survey of 2021 (or previous versions of the survey) have been included.⁶ Fourth, in cases

where the previous sources indicated that annual accounts are submitted and available online, the corresponding company registry websites have been consulted.

According to the weakest link principle⁷ for our Financial Secrecy Index research, a precondition for reducing the secrecy score in this indicator is that all available types of companies are required to publish the relevant information online and that the information is required to be updated at least annually. If any exceptions are allowed for certain types of companies, we assume that anyone intending to conceal information from public view will simply opt for establishing a company where these requirements do not apply.

Why is this important?

Access to timely and accurate annual accounts is crucial for every company with limited liability in every country for a variety of reasons.

First, public accounts make it possible to assess the potential risks of trading with limited liability companies. Public accounts thus help to protect the legitimate interests of a wide range of actors. These actors include consumers, clients, business partners and creditors, as well as public officials dealing with public procurement and public-private partnerships.

Second, in times of financial globalisation, financial regulators, tax authorities and anti-money laundering agencies need to be able to assess cross-border implications of the activities of companies. Unhindered access to the accounts of foreign companies and subsidiaries empowers regulators and authorities to double check the veracity and completeness of locally submitted information and to assess the macro-consequences of corporate undertakings without imposing excessive costs.

Third, no company can be considered accountable to the communities where it is licensed to operate (and where it enjoys the privilege of limited liability) unless it places its accounts on public record. Journalists and civil society groups have legitimate reasons for accessing company accounts to assess them on matters of fair trade, environmental protection, human rights protection and charitable purposes. This can be done only when accounts are available for public scrutiny.

Many multinational corporations structure their global network of subsidiaries and operations in ways that take advantage of the absence of any requirement to publish accounts on public record. Corporate tax havens or secrecy jurisdictions enable corporate and individual secrecy in this respect. If annual accounts were required to be placed online in every jurisdiction where a company operates, the resultant transparency would severely inhibit transfer mispricing and other tax avoidance techniques. We do not, however, regard this requirement as a substitute for a full country-by-country reporting standard (see SI 8⁸).

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 2. Assessment Logic: Secrecy Indicator 7 - Public Company Accounts

ID	ID description	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
188	Is there an obligation to keep accounting data?	0: No; 1: Yes	0: 100 1: See below
189	Are annual accounts submitted to a public authority?	0: No, annual accounts are not always required to be submitted to a public authority; 1: Except for small companies, annual accounts need to be submitted to a public authority; 2: Yes, there is an obligation to submit annual accounts for all types of companies.	0 & 1: 100 2: See below
201	Are annual accounts available on a public online record (up to US\$10, €10 or £10)?	0: No, company accounts are not always online (up to US\$10, €10 or £10); 1: COST: Yes, company accounts are always online but only at a cost of up to US\$10, €10 or £10; 2 FREE: Yes, company accounts are always available for free, but can not be easily copied.; 3 FREE & EASILY COPIED: Yes, company accounts are always available for free & can be easily copied.	0: 100 1: 50 2: 25 3: 0 (only if answers re ID 188 and ID 189 are not zero)

Results Overview

Figure 1. Public Company Accounts: Secrecy Score Overview

EC	FR	AL	BD	BW	CN	DM	GD	GU	IM	KR	LK	MH	MX	NZ	PT	SC	TR	VC	XK	
CZ	EE	AI	BB	BS	CM	DK	FJ	GT	IL	KN	LI	ME	MV	NR	PR	SA	TN	UY	WS	
BG	AT	AG	AW	BR	CL	DE	FI	GR	IE	KE	LC	MC	MU	NO	PK	RW	TC	US	VU	
SI	TH	AE	AU	BO	CK	CY	ES	GM	ID	JP	LB	MA	MT	NL	PH	RU	SV	UA	VN	
PL	RS	AD	AS	BN	CH	CW	EG	GI	HU	JO	KZ	LV	MS	NG	PE	RO	SM	TZ	VI	
GB	LU	SE	AR	BM	CA	CR	DZ	GH	HR	JE	KY	LT	MO	NA	PA	QA	SK	TW	VG	
BE	IS	IT	AO	BH	BZ	CO	DO	GG	HK	IN	KW	LR	MK	MY	OM	PY	SG	TT	VE	ZA

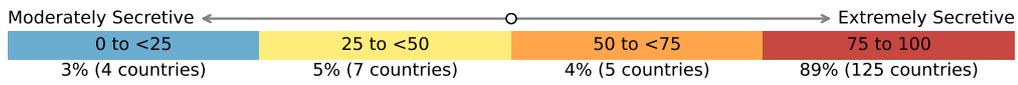
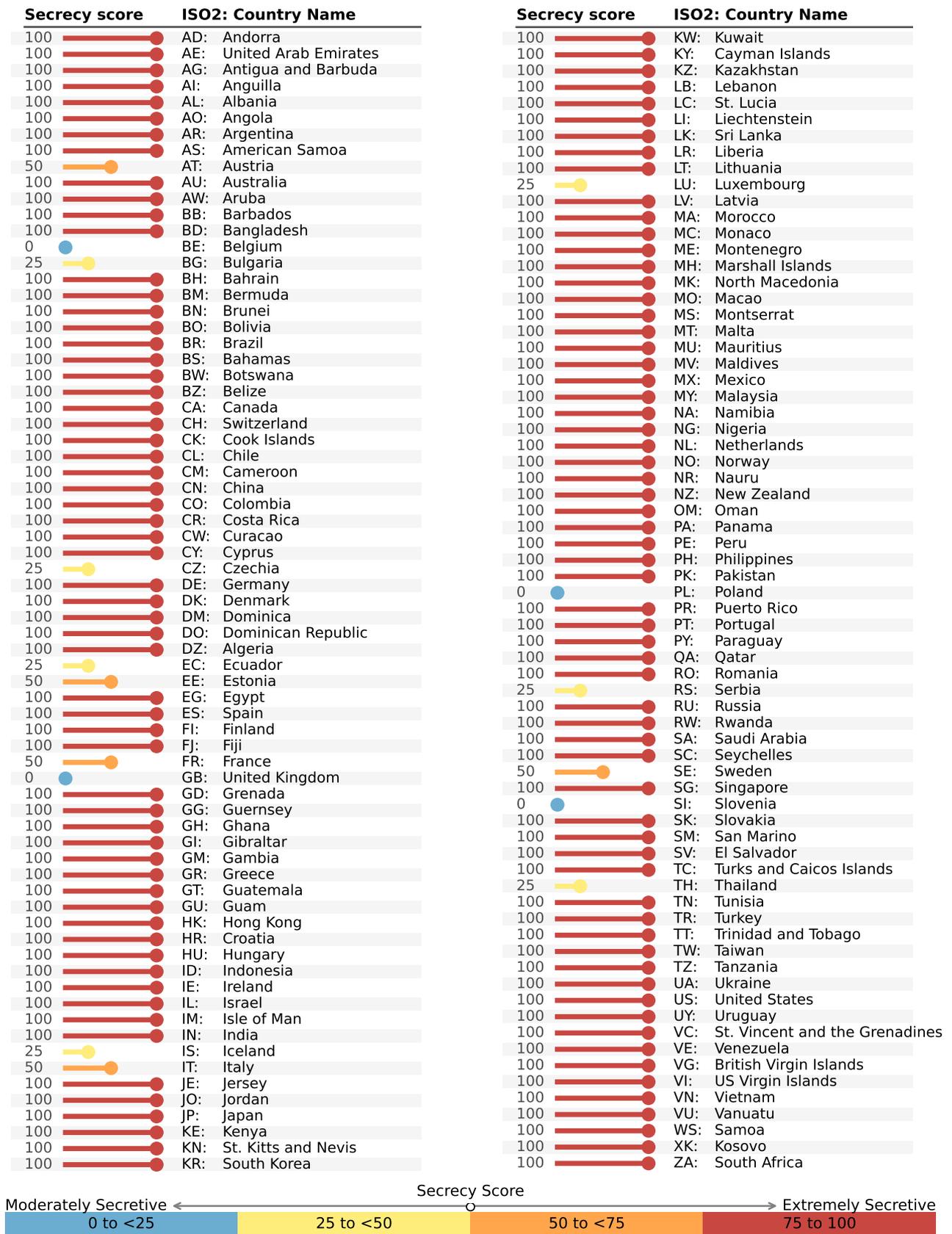


Figure 2. Public Company Accounts Secrecy Scores



Endnotes

1. We believe online accessibility for free is a reasonable requirement given a) the prevalence of the internet in 2021 and b) the complete reliance of international financial flows on modern technology. It would be an omission not to use that technology to make information available worldwide especially as c) the people affected by these cross border financial flows are likely to be in many jurisdictions, and hence need information to be on the internet to get hold of it.
2. We consider that for something to be truly “on public record” prohibitive cost constraints must not exist, be they financial or in terms of time lost or unnecessary inconvenience caused.
3. This indicator is also assessed in our complementary index, the Corporate Tax Haven Index. However, unlike the Corporate Tax Haven Index, which focuses only on large companies (ie. companies with an annual turnover threshold which is higher than €10m), the scope of the Financial Secrecy Index covers all types of companies with limited liability, regardless of their size. This is because the Financial Secrecy Index assesses secrecy in a broader sense and does not focus exclusively on tax avoidance by multinational companies but rather also by smaller companies and individuals. While multinational companies are often highly regulated and supervised, this is not the case for small companies, which are thus often used as vehicles in complex tax avoidance and tax evasion schemes that obscure ownership. Therefore, we consider them relevant for the assessment of this indicator as part of the Financial Secrecy Index.
4. The Global Forum peer reviews refer to the peer review reports and supplementary reports published by the Global Forum on Transparency and Exchange of Information for Tax Purposes. Section A.2. in the reports refers to, among other things, the requirement to keep underlying documentation and the retention period for keeping accounting records. The reports can be viewed at:⁹
5. Wolters Kluwer. *Lowtax - Global Tax & Business Portal*. 2021. URL: <https://www.lowtax.net/> (visited on 03/05/2022).
6. Tax Justice Network. *TJN Survey*. 2021. URL: <http://fsi.taxjustice.net/fsi2022/TJN-Survey-2021.pdf> (visited on 11/05/2022).
7. The “weakest link” research principle is used synonymously with the “lowest common denominator” approach. During the assessment of a jurisdiction’s legal framework, the review of different types of legal entities each with different transparency levels might be necessary within one indicator. For example, to ascertain the secrecy score, a choice between two or more types of companies might have to be taken. In such a case, we choose the least transparent option available in the jurisdiction. This least transparent option will determine the indicator’s secrecy score.
8. Tax Justice Network. *Secrecy Indicator 8: Public Country by Country Reporting*. Tax Justice Network, 2022. URL: <https://fsi.taxjustice.net/fsi2022/KFSI-8.pdf>.

9. Organisation for Economic Co-operation and Development. *Exchange of Information*. 2021. URL: <https://www.oecd.org/tax/exchange-of-tax-information/> (visited on 06/05/2022).

Bibliography

- Organisation for Economic Co-operation and Development. *Exchange of Information*. 2021. URL: <https://www.oecd.org/tax/exchange-of-tax-information/> (visited on 06/05/2022) (cit. on p. 8).
- Tax Justice Network. *TJN Survey*. 2021. URL: <http://fsi.taxjustice.net/fsi2022/TJN-Survey-2021.pdf> (visited on 11/05/2022) (cit. on p. 7).
- *Secrecy Indicator 8: Public Country by Country Reporting*. Tax Justice Network, 2022. URL: <https://fsi.taxjustice.net/fsi2022/KFSI-8.pdf> (cit. on p. 7).
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