Financial Secrecy Index

Version 8.1

June 2026

TAX JUSTICE NETWORK

Financial Secrecy Index methodology version history

Version	Release date	Sections changed	Type of change
8.1	June 2026	2 (The index structure)	Updates and edits to subsections within the index structure, in line with the rolling updates.
		Subsections within section 3 (The 20 secrecy indicators): 3.6, 3.13	Methodological changes to the ”Real estate ownership” indicator. ”Golden visas” indicator edited in line with rolling updates.
Previous editions:			
8.0	June 2025	2025 edition available online.	
-	May 2022	2022 edition available online.	
-	February 2020	2020 edition available online.	
-	January 2018	2018 edition available online.	
-	November 2015	2015 edition available online.	
-	October 2013	2013 edition available online.	

Abstract

This report explains in detail the methodology we use to construct the Financial Secrecy Index. The Financial Secrecy Index comprises two parts - secrecy scores and a global scale weight. First, secrecy scores are a qualitative measure of the facilities that secrecy jurisdictions provide to non-residents; these fall on a scale of 0-100. Secrecy scores are composed of 20 secrecy indicators. We explain what each indicator measures, including the underlying data sources and the calculation of the secrecy scores. Second, the global scale weights are a quantitative measure of how much financial services the jurisdiction supplies to residents of other countries. We then explain how the secrecy scores and global scale weights are combined to calculate the financial secrecy share of a jurisdiction. This is a measure of the contribution of each jurisdiction to the global problem of financial secrecy. The reforms made to the Financial Secrecy Index in 2026, in accordance with the shift to rolling updates of the data, are explained in this methodology. The results are available online.

Acknowledgements

The creation of the Financial Secrecy Index and its methodology is a team effort. We are grateful to all the experts who have been involved since before its first launch in 2009 and along the way. We would like to especially thank these individuals who have had input over the years, including, Alex Cobham, Andres Knobel, Bob Michel, Florencia Lorenzo, Gonzalo Villanueva, Idriss Linge, Jacqueline Engel, Leyla Ateş, Lucas Millán-Narotzky, Markus Meinzer, Miroslav Palanský, Moran Harari, and Rachel Etter-Phoya. Furthermore, a big thanks to the whole Tax Justice Network team who support and help communicate this work to a wider audience.

We would also like to thank our partners for their contributions to the data points for specific countries, especially to Dominik Gross, expert in tax and fiscal policy at Alliance Sud, Switzerland.

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1. Background and concept

Each year, the world loses US$492 billion in tax due to multinational corporations and wealthy individuals using tax havens to underpay tax.[1] Approximately one-third of the global tax abuse that takes place every year is committed by wealthy individuals who hide their finances offshore, while the remainder is driven by multinational corporations moving their profits offshore.

The Financial Secrecy Index identifies the countries most responsible for helping individuals and their legal vehicles hide their finances and assets offshore.

We're not the first to develop a list of countries typically known as tax havens. However, there is no universally accepted definition of a 'tax haven'. Nevertheless, the term dominates political and academic discussions about offshore tax evasion and illicit financial flows. Without a consistent and objective approach to defining and identifying tax havens, there is an ongoing failure to counter them effectively.[2] The political biases of international bodies that compile lists of tax havens skew assessments, excluding or downplaying the role of powerful nations and key secrecy jurisdictions, while emphasising only smaller, weaker ones.[3]

The Financial Secrecy Index aims to address this problem by providing an evidence-based assessment of countries. We define a secrecy jurisdiction as a country that "provides facilities that enable people or entities to escape or undermine the laws, rules and regulations of other jurisdictions elsewhere, using secrecy as a prime tool". Secrecy jurisdictions do more than allow individuals and companies to circumvent tax law. They also enable them to circumvent criminal laws, transparency requirements, financial regulation and more, which is one of the reasons we prefer to describe them as 'secrecy jurisdictions'.

We emphasise that a secrecy jurisdiction is not a natural phenomenon that can be observed as either present or absent. Rather, we find that all countries may have some characteristics of secrecy jurisdictions, ranging from highly secretive

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[1] Tax Justice Network. *State of Tax Justice 2024*. 2024. URL: https : / / taxjustice . net / reports / the - state-of-tax-justice-2024/ [Visited on 18/11/2024].

[2] Alex Cobham et al. 'The Financial Secrecy Index: Shedding New Light on the Geography of Secrecy'. *Economic Geography*, 91(3) 2015, pp. 281–303; Markus Meinzer. 'Towards a Common Yardstick to Identify Tax Havens and to Facilitate Reform'. In: *Global Tax Governance – What Is Wrong with It, and How to Fix It*. Ed. by Thomas Rixen and Peter Dietsch. Colchester: ECPR Press, 2016, pp. 255–288.

[3] Steven Dean and Attiya Waris. 'Ten Truths About Tax Havens: Inclusion and the 'Liberia' Problem'. *Emory Law Journal*, 70(7) Apr. 2021. URL: https : / / papers . ssrn . com / abstract = 3822421 [Visited on 07/05/2022].

to, in theory, perfectly transparent. Yet all countries enable financial secrecy to varying degrees, and thus, all countries have a responsibility to strengthen their laws against it. That is, "virtually any country might be a 'haven' in relation to another".[4]

Based on this approach, we developed a set of 20 verifiable secrecy indicators to assess the degree to which a country's legal and regulatory systems (or their absence) contribute to secrecy that enables illicit financial flows - this is the country's 'Secrecy Score'. The index also monitors how much financial activity enters the country from abroad - this is the country's 'Global Scale Weight'.

These two factors are then combined to determine the country's role in enabling financial secrecy globally - this is known as the country's 'FSI value', which determines a country's ranking.

The Financial Secrecy Index assesses well-known secrecy jurisdictions and financial centres. Over the years, we have also expanded the number of countries covered to go beyond just the biggest enablers. Our index now includes all European Union member countries, along with several African and South American countries, ensuring that more countries and regions can access and benefit from this information.

Governments, international organisations, journalists, academics, and campaigners utilise the Financial Secrecy Index to gain a deeper understanding of global financial secrecy and devise effective strategies to tackle it.[5]

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[4] Sol Picciotto. *International Business Taxation. A Study in the Internationalization of Business Regulation*. Electronic Re-Publication. London: Weidenfeld and Nicolson, 1992. URL: https://taxjustice.net/cms/upload/pdf/Picciotto%201992%20International%20Business%20Taxation.pdf [Visited on 06/05/2022], p.132.

[5] Bob Michel et al. *The Financial Secrecy Index, a Cherished Tool for Policy Research across the Globe*. June 2025. URL: https://taxjustice.net/2025/06/02/the-financial-secrecy-index-a-cherished-tool-for-policy-research-across-the-globe [Visited on 02/06/2025].

2. The index structure

The Financial Secrecy Index focuses on tax and transparency rules that apply to individual taxpayers and legal vehicles. Its primary objective is to measure a country's contribution to global financial secrecy in a way that highlights harmful secrecy regulations through both qualitative and quantitative measures.

Qualitative data is collected to assess 20 secrecy indicators, which together make the Secrecy Score. This score measures the potential risk that a jurisdiction will become a destination for hidden offshore wealth, which erodes tax bases elsewhere and increases the risks of money laundering, corruption, and terrorist financing.

Jurisdictions with the highest secrecy scores are more opaque in the financial activities they host, less engaged in information sharing or other ways of cooperation with other national authorities, and less compliant with international norms aimed at combating money laundering. This lack of transparency and the unwillingness to participate in effective cooperation make these secrecy jurisdictions more attractive for routing illicit financial flows and concealing criminal and corrupt activities.

Quantitative data is then used to create a Global Scale Weight for each jurisdiction, based on its share of global offshore financial services activity. To do this, we use publicly available data on each jurisdiction's trade in international financial services. Where necessary, because of missing data, we follow the International Monetary Fund's methodology to extrapolate from stock measures to generate flow estimates. Jurisdictions with the largest weighting play the biggest role in the market for financial services offered to non-residents.

The combination of the Secrecy Score with the Global Scale Weight results in the actual risk, or what social scientists refer to as "impact propensity", for a jurisdiction to have these effects. The difference between potential and actual risk can be likened to gun laws and the associated risks of mass shootings. The potential risk of mass shootings is determined by lenient gun laws, which make it easy to purchase weapons with high firepower. The actual risk of mass shootings results from the actual number of guns sold in the jurisdiction under these lenient rules. Similarly, the leniency and opacity of the tax and legal regime – the potential risk – are reflected in the Secrecy Score, while the Global Scale Weight serves as a proxy for the volume of users of that regime.

In this way, the Financial Secrecy Index answers the question 'how big a role does each secrecy jurisdiction play in enabling financial secrecy globally?'

While large players may be slightly less secretive than other jurisdictions, their greater financial sector size offers far more opportunities for illicit financial flows to hide. Therefore, the larger a country's international financial sector becomes, the greater its responsibility to ensure appropriate regulation and transparency. This logic is reflected in the Financial Secrecy Index, and therefore it avoids the conceptual pitfalls of tax haven lists[1] , which tend to focus on smaller players, often remote islands whose overall share in global financial markets is tiny.

As we explore in more detail in Chapter 5, we acknowledge that there is no single, constant, fixed and objectively best measure for financial secrecy. Changes to secrecy indicators, as explained below, reflect an ongoing learning process responding to the fast-changing international tax and financial environment.

2.1 Rolling updates

In 2023, the Tax Justice Network decided to reform the Financial Secrecy Index.[2] Starting in 2025, we regularly update the Financial Secrecy Index on a rolling basis. Our evaluations of jurisdictions' laws and regulations continue to be based on more than 100 questions, organised into 20 indicators.

We publish updated data for several of these indicators once in a year, working in batches through all the indicators over the course of our update cycle. Once we complete the cycle, we repeat the process.

Any changes we come across regarding indicators not within the batch are published as "supplementary updates" alongside our planned "indicator updates". Supplementary country updates are made for individual jurisdictions if we become aware of new data for a country ahead of the queued indicator update that would have normally captured that data. Supplementary ID updates are made to individual IDs if we become aware of new data or developments affecting the scores for all jurisdictions for an ID ahead of when the ID would have been updated in the queue. This way, we can capture a change in the Financial Secrecy Index without having to wait for our update plan to reach the relevant indicator. Alongside the indicators, we update the Global Scale Weight once a year.

Prior to 2025, the Financial Secrecy Index was updated roughly every two years. All the indicators were updated together at the same time as part of each biennial update to the index. The rolling updates approach allows us to capture

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[1] Javier Garcia-Bernardo et al. 'Uncovering Offshore Financial Centers: Conduits and Sinks in the Global Corporate Ownership Network'. *Scientific Reports*, 7(1) July 2017, p. 6246. URL: http://arxiv.org/abs/1703.03016 [Visited on 26/05/2026].

[2] Markus Meinzer and Moran Harari. *Transforming Our Flagship Indexes to Be Even More Responsive and Timely*. June 2023. URL: https://taxjustice.net/2023/06/13/transforming-our-flagship-indexes-to-be-even-more-responsive-and-timely/ [Visited on 20/11/2023].

legal changes closer to when they occur, providing a more dynamic view of jurisdictions' complicity in global financial secrecy.

We have regularly shared our evaluations with every country featured on the Financial Secrecy Index, inviting country's authorities to check our assessments and query any discrepancies. We will continue this practice and, going forward, provide countries with the opportunity to comment on any indicator they consider relevant through our website.

With the fast-moving tax justice policies on both national and global levels, the rolling updates help ensure the index can serve as a responsive monitoring and troubleshooting tool for jurisdictions' regulatory frameworks. This change also help create a more sustainable work environment for the team of researchers and analysts while maintaining the production of high-quality analysis.

The rolling approach also gives the researchers greater flexibility to prioritise and release new data faster, especially on indicators related to policy developments. It allows the Tax Justice Network to more rapidly equip policymakers in national and international contexts with the data they need to evaluate and advocate for policy change.

2.2 Country coverage

The Financial Secrecy Index covers 141 jurisdictions. The number of jurisdictions has increased gradually over time, from 60 in 2009, reflecting the long-term ambition of global, or near-global, coverage for the index, while considering resource and data constraints. In 2009, the first 60 jurisdictions were selected based on eleven listings issued by international bodies and academics (eg IMF, FATF, OECD, IBFD).[3] Jurisdictions named on at least two of those international listings were included. In the following years, we considered two distinct groups as potential additions to the Financial Secrecy Index: first, jurisdictions that account for a large share of international financial services exports, and second, jurisdictions that show indications, through the media or other sources, that they are playing or seek to play a role in promoting financial secrecy.

Thirteen additional jurisdictions were included in 2011 to ensure that the index covered the top 20 jurisdictions with the highest global market share in financial services exports (based on 2007 data). Nine of the 13 added jurisdictions were included in 2011 based on this criterion[4] and four jurisdictions were added because of their known or suspected provision of financial secrecy.

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[3] The selection process for the initial 60 jurisdictions is explained in detail here: Richard Murphy. *Where Are the World's Secrecy Jurisdictions?* Tech. rep. Sept. 2009. URL: https : / / fsi . taxjustice . net / Archive2009/Notes%20and%20Reports/SJ_Mapping.pdf [Visited on 09/05/2022].

[4] Markus Meinzer and Steven Eichenberger. *Mapping Financial Secrecy 2011 - Methodology*. Tech. rep. Sept. 2011. URL: https : / / fsi . taxjustice . net / Archive2011 / Notes % 20and % 20Reports / SJ - Methodology.pdf [Visited on 09/05/2022], p.3.

Two years later, in 2013, seven more jurisdictions were added to the index to cover the top 30 jurisdictions with the highest global market share in financial services exports. We also added two jurisdictions that had shown indications of promoting financial secrecy services.

For the 2015 edition, six jurisdictions were added due to their share in the global offshore financial services market, being in the top 40 jurisdictions providing offshore financial services. Seven jurisdictions were added because of indications of secrecy or financial centre ambitions. We also included all OECD members, following various publications about these jurisdictions' role in facilitating illicit financial flows.[5]

With the support of a large research project funded by the European Commission ("COFFERS"[6]), for the 2018 index edition, nine new jurisdictions were added (covering all EU member states). In the 2020 edition, 21 additional jurisdictions were analysed with support from NORAD.[7] Finally, the coverage of the 2022 edition included eight more jurisdictions due to indications of secrecy opportunities and high global scale weights. As of 2022, the index assesses 141 jurisdictions.

2.3 The construction of the qualitative component: Secrecy Scores

Each jurisdiction's tax and financial systems are evaluated against more than 100 questions which are organised into 20 secrecy indicators to arrive at a final secrecy score. This measures how much room for financial secrecy the jurisdiction's laws and regulations provide, whether intentionally or not. Scores range from 0 (no room for financial secrecy) to 100 (unlimited room for financial secrecy).

Table 2.1 provides a summary overview of the 20 secrecy indicators (SI), and chapter 3 discusses each indicator in full detail.

Three principles guided the design of the secrecy indicators. First and foremost, the selected indicators should most accurately capture a jurisdiction's status as a secrecy jurisdiction, that is, the extent to which each jurisdiction provides facilities that enable people or entities to escape or undermine the laws, rules and regulations of other jurisdictions elsewhere, using secrecy as a prime tool. The choice of these indicators has necessarily been subjective. Still, an objective choice of indicators does not exist, and never will. As such, our aim was to be

[5] OECD. *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*. Tech. rep. 2014. URL: https://www.oecd.org/corruption/illicit_financial_flows_from_developing_countries.pdf [Visited on 08/05/2022].

[6] European Commission. *COFFERS – Combating Fiscal Fraud and Empowering Regulators*. 2020. URL: https://cordis.europa.eu/project/id/727145 [Visited on 08/05/2022].

[7] *Norad - Norwegian Agency for Development Cooperation*. URL: https://www.norad.no/en/front/ [Visited on 08/05/2022].

transparent about our methodology choices and we always welcome critical discussion and suggestions for improving our methodology. In fact, by publishing the data of each ID which is part of a secrecy indicator through the Financial Secrecy Index website and making it freely available for download in our Data Portal, we enable researchers to test alternative indicators at relatively low cost. Second, we wanted to be as parsimonious as possible by selecting a relatively small number of indicators. We did this primarily to avoid unnecessary complexity for the reader and also to ensure that this work can be carried forward without undue cost or delay caused by data gaps. Third, we considered it important that the index be sufficiently simple and transparent to clearly indicate what steps a secrecy jurisdiction can take to improve its secrecy score. Our approach encourages policy change in secrecy jurisdictions to improve their performance.

The secrecy indicators are grouped around four dimensions of secrecy (see Table 2.1): 1) asset and ownership registration, 2) legal entity transparency, 3) integrity of tax and financial regulation, and 4) international standards and cooperation. The secrecy score for each country is the average of the scores across the 20 indicators.

2.3.1 Interactions

The interactions between the indicators are examined to ensure consistency of data both within and across the 20 indicators. Due to the conceptual nature of laws, the same vulnerability may be reflected in different dimensions, which may lead to inconsistency in the legal assessment if such vulnerability is not consistently accounted for across dimensions. The jurisdictions for which data is flagged are then reviewed, and the issue is resolved adjusting the data or explanation attached to it, ensuring equal treatment across flagged jurisdictions.

In Table 2.2 we present a summary of the different “interactions” which reflects the results of a cross-indicator consistency criteria we applied in the 2026 edition of the Financial Secrecy Index.

Table 2.1. Overview of the 20 secrecy indicators

Asset and ownership registration		Legal entity transparency		Integrity of tax and financial regulation		International standards and cooperation	
	Banking secrecy		**Transparency of partnerships with limited liability**		**Tax compliance focus**		**Anti-money laundering**
	IDs 157, 158, 352, 353 360, and 643		IDs 272, 273, 274, 269, 477, 480, 484, and 482		IDs 403, 404, 405, 406, 317, and 400		ID 335, 172, and 488
	Beneficial ownership of trusts		**Transparency of company ownership**		**Golden visas**		**Automatic exchange of information**
	IDs 204, 206, 214, and 355		IDs 471, 473, 485, and 474		IDs 435, 374, and 489		IDs 150, 376, 371, 374, 569, 568, 566, 567, 641, 642, and 801
	Beneficial ownership of foundations		**Transparency of company accounts**		**Foreign investment income**		**Exchange of information upon request**
	IDs 234, 236, 237, 238, 240, 239, 244, 384, 396, 395, 393, and 394		IDs 188, 189, and 201		IDs 552, 553, 555, 558, and 559		ID 309
	Beneficial ownership of companies		**Public country by country reporting**		**Public statistics**		**International legal cooperation**
	IDs 471, 473, 485, and 388		IDs 1001, 1003, 1004, 1005, 1007, and 1008		IDs 425, 426, 427, 428, 430, 431, 432, 433, 434, and 452		IDs 33, 35, 310, 36, 311, 469, 312, 313, 314, 650, 651, and 800
	Freeports ownership		**Legal entity identifier**		**Tax rulings and extractive industries' contracts**		
	IDs 418 and 439		IDs 414, 415, and 420		IDs 363, 421, 561, 562, 563, and 564		
	Real estate ownership						
	IDs 660, 661, 662, and 663						

Table 2.2. Cross-indicator consistency criteria

Interaction	Secrecy indicator	IDs	Topic	Explanation
(1)	Secrecy indicators on tax compliance focus, on Golden visas, on foreign investment income, and on tax rulings and extractive contracts	IDs on large taxpayer unit (317), high net worth individual unit (400) reporting of tax avoidance schemes (403, 404), reporting of uncertain tax positions (405, 406), ID on the scope of personal income tax (435), on taxation of foreign investment income (552, 553, 554, 558, 559), and on tax rulings availability and publication (if any) (363, 421)	Zero rate Corporate Income Tax (CIT) or Personal Income Tax (PIT) or no CIT/PIT affects requirements (secrecy indicator on tax compliance focus), secrecy indicators on golden visas, foreign investment income, and tax rulings and extractive industries' contracts	If there is no (personal or corporate) income tax, then indicator components relating to income taxation must be set to maximum harmfulness (and "not applicable"). Specifically, the absence of PIT results in a) maximum secrecy with regards to high net worth individuals unit (secrecy indicator on tax compliance focus – ID 400); b) incomplete scope of PIT taxation (secrecy indicator on golden visas – ID 435); and c) exemption of foreign investment income received by individuals (secrecy indicator on foreign investment income – IDs 558 and 559). Absence of CIT results in a) maximum secrecy with regards to uncertain tax positions and large taxpayer units (IDs 405 and 317); and b) is reflected in the the assessment of foreign investment income received by corporations (IDs 552, 553, 554). Finally, the absence of either CIT or PIT results in maximum secrecy in relation to the disclosure of tax schemes (IDs 403 and 404), as well as for tax rulings (IDs 363 and 421).
(2)	Secrecy indicators on golden visas and on foreign investment income	IDs on the scope of personal income tax (435), and on taxation of foreign dividends and interests received by individuals (558, 559)	Comprehensive PIT (secrecy indicator on golden visas) and Natural Person foreign income treatment (secrecy indicator on foreign investment income)	An incomplete PIT (lump-sum, exemptions, territoriality) usually means that foreign investment income of natural persons is exempt (unless exception applies). Reciprocally, if foreign investment income of natural persons is exempt, this means that a jurisdiction has an incomplete PIT. Details on the determination of scoring for secrecy indicators on golden visas and foreign investment income is available in the respective chapters.

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Interaction	SI	IDs	Topic	Explanation
(3)	Secrecy indicators on public statistics and on automatic exchange of information	IDs on publication of CRS statistics (425) and on the ratification of the MCAA (150)	Multilateral Competent Authority Agreement (MCAA), establishing the Common Reporting Standard (CRS)	The publication of CRS statistics by a jurisdiction (ID 425 on public statistics) is only possible if that jurisdiction has signed and implements the MCAA (secrecy indicator on automatic exchange of information - ID 150), collecting and automatically exchanging information on financial accounts held by residents of other MCAA member countries. Therefore, non-ratification of the MCAA automatically results in CRS statistics ”not applicable” (maximum secrecy).
(4)	Secrecy indicators on exchange of information upon request and international legal cooperation	IDs on tax convention ratification (309), and on reservations to legal cooperation (650, 651)	Amended Council of Europe /OECD Convention on Mutual Administrative Assistance in Tax Matters (MAAC)	While the secrecy indicator on the exchange of information upon request checks whether the framework for information exchange upon request under the MAAC has been ratified by a jurisdiction (ID 309), secrecy indicator on international legal cooperation evaluates the extent to which a country has opted for reservations in specific aspects of MAAC tax cooperation (IDs 650, 651). In the absence of MAAC ratification, treaty reservations are considered “not applicable” (maximum secrecy).

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Interaction	SI	IDs	Topic	Explanation
(5) Consistency of index scope	All	Most	Determination of characteristics in scope of a jurisdiction's index assessment.	Ratified treaties, laws, regulations or administrative practices evidenced in a jurisdiction are considered to be the responsibility of that jurisdiction, and therefore considered in the assessment of its secrecy scores. In principle, the assessments are focused on legal vehicles created under domestic law. Thus, for instance, we do not assess ownership registration of foreign companies engaged in economic activity within a jurisdiction, nor do we evaluate transparency of such companies' accounts. However, we do evaluate domestic regulations and practices affecting foreign legal vehicles in secrecy indicators on beneficial ownership of trusts, freeports, and real estate. Secrecy indicator on the beneficial ownership of trusts evaluates registration requirements also for foreign-law trusts with a trustee residing in the assessed jurisdiction, while the secrecy indicators on freeports and real estate evaluate the online availability and registration of ownership information for all relevant assets located in a jurisdiction, regardless of whether they are owned by domestic or foreign legal vehicles.

We discuss four specific interactions below. First, we focus on jurisdictions without income taxes or with incomplete income tax systems. Second, we consider the scope of personal income taxation and the treatment of foreign investment income (eg foreign dividend and interest payments received by natural persons that are residents in a jurisdiction). Third, we ensure that jurisdictions which have not signed the Multilateral Competent Authority Agreement (MCAA) establishing the Common Reporting Standards (CRS) (secrecy indicator on the automatic exchange of information) are automatically awarded maximum secrecy for the publication of statistics reported under the CRS (secrecy indicator on public statistics). Finally, we check that jurisdictions which have not ratified the amended OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters (MAAC) are systematically awarded maximum secrecy on the reservations assessed under the MAAC in the secrecy indicator on international legal cooperation.

The first interaction (which is marked as (1) in Table 2.2) ensures that jurisdictions that do not impose income taxes or impose zero income taxes are treated consistently with regards to jurisdictions that do impose income taxes, but have secretive regulations in place in their income tax system. The core rationale, as explained above, is that the financial secrecy risks of a jurisdiction that imposes income tax, but has some secretive elements of tax policy in place (eg by not requiring the reporting of uncertain tax positions, or by issuing secretive tax rulings), are comparable to the secrecy risks of a jurisdiction that does not impose income taxes in the first place. Indeed, the lack of income taxes creates inherent risks by leaving economic activity of resident individuals and legal vehicles unassessed by public authorities. As such, it may be abused by domestic legal vehicles and individuals who wish to evade tax or escape from criminal prosecution in other jurisdictions.

While the case of jurisdictions with neither personal nor corporate income tax in place is rather clear, other jurisdictions present different levels of incomplete income taxes. For example, there are some jurisdictions in which unspecified economic activities are nominally subject to a 0% rate, while certain economic activities are subject to higher (eg 10-20%) rates (eg financial services or retail). Applying the "weakest link" principle, we consider that a 0% tax broadly available in a jurisdiction is to a large extent equivalent to the lack of an income tax system for that type of income tax (personal and/or corporate). Finally, some jurisdictions have corporate tax but not personal income taxes in place and vice versa, ie a few jurisdictions have personal but not corporate income taxes.

Interaction (1) ensures a consistent assessment of data points (IDs) directly linked to the absence or presence of income tax obligations, across indicators on tax compliance focus, on golden visas, on foreign investment income, and on tax rulings and extractive industries' contracts. For instance, in the secrecy indicator on tax rulings and extractives contracts, we consider that questions on unilateral tax rulings (IDs 363 and 421) are "not applicable" for jurisdictions that do not impose corporate and/or personal income taxes. As such, if a country does not have personal income taxes, we assign the maximum secrecy score on tax rulings regardless of whether tax rulings are potentially published for corporate income taxes. This is because the lack of personal income tax obligations allows unchecked economic activity for individuals, promoting secretive activity at least as much as a jurisdiction that has personal income tax obligations and does not publish tax rulings. Regarding the secrecy indicator on tax compliance focus, the data points (IDs) 317, 405 and 406 on large taxpayer units and the reporting of uncertain tax positions are directly related to corporate income taxation, and thus jurisdictions without corporate income tax are considered "not applicable" in these IDs. The same criteria are used when assessing whether the jurisdiction has a centralised unit for High net wealth individuals (ID 400), which is directly related to personal income tax. When a data point relates to both personal and corporate income taxes (such as IDs 403 and 404 on the reporting of tax schemes), the absence of one or the other triggers a "not applicable" assessment, and the maximum secrecy score is assigned in the relevant component. This

rationale is also used for the secrecy indicator on golden visas, and secrecy indicator on foreign investment income.

2.4 Main methodological changes introduced in 2026

For this 8.1 edition of the Financial Secrecy Index, we have applied the following changes to the methodology.

2.4.1 Broadening of the scope of Secrecy Indicator on Real Estate

Prior to this edition, the indicator focused on whether countries require legal and beneficial owners of all real estate to register in a publicly accessible, online central register. For this 8.1 edition, we have broadened the scope of this indicator to assess three components: (i) the availability of real estate information to authorities through the collection, centralisation and digitalisation of real estate data; (ii) the extent to which information on the ownership of local real estate is publicly accessible online, at a cost or for free; and (iii) whether jurisdictions require the registration of beneficial ownership information for foreign companies and other legal vehicles that own or acquire local real estate.

In light of the broader scope of this indicator, an AI-assisted research process was used to support initial data collection and source identification for some of the IDs in the indicator. Draft answers, notes and references produced through this process were subsequently reviewed by researchers under a four-eye quality assurance process, with verification, correction and adjustment of the underlying sources, reasoning notes and coding decisions as necessary.

2.4.2 Minor changes in wording in Secrecy Indicator on Golden Visas

We applied minor wording changes in ID 489, to clarify that we only assess residency or citizenship schemes which are granted against passive investment (as opposed to active investment). These changes did not materially affect the results, ensuring continuity and comparability with previous editions. In line with this, we have also updated the indicator paper to add newer litrature and explanations where relevant.

2.5 Underlying data and procedural issues

All data in the database is fully referenced and the underlying data sources can be identified. The main data sources are official and public reports by the OECD,

the associated Global Forum[8], the FATF[9] and the IMF[10]. In addition, specialist tax databases and websites such as by the IBFD[11], PwC[12], and others have been consulted. In many cases, we undertook original legal analysis of laws and regulations.

In terms of cut-off date for assessing information in the database, we generally rely on reports, legislation, regulation and news available no later than 60 days before the launch date of the set of indicators we update. In some cases, we may be able to incorporate a more recent data.

Any laws that have been enacted and will only be applicable within the launch date of the index – were taken on board. In cases where the law was enacted with a grandfathering provision that will end within a reasonable time after the launch, we take the law into account. However, if the grandfathering provision is determined to end at a later stage, we may consider the law only for the following index cycle updates. Regarding international treaties and conventions, we consider a country is a party to them only if it has already become legally bound by the convention or treaty and the date of entry into force was set before the launch date.

A four-pronged approach was applied as follows to ensure the data quality at the end of each research cycle: (1) Four-eye sign-off procedure for the indicators' data points, enabling all data points to be fully traceable for individual analysts in the database; (2) Comparison matrix to double check on any data variations between previous and current editions or unexpected data results that have been identified; (3) Outreach to 141 competent authorities inviting feedback for all data points (response rate in 2025: 10%); (4) Crowdsourcing: fully transparent dataset publicly available online for comparison of different editions across time.

2.6 Guiding methodological principles

A central guiding principle for the Financial Secrecy Index in data collection is to always look for and assess the weakest point or lowest standard of transparency or tax rules available in each jurisdiction ('weakest link principle'). For example, if a jurisdiction offered three different types of companies, two of which require financial statements to be published online, but the third is not required to disclose this information, then we have answered "no" regarding the particular question about the online availability of accounts. We must resort to reasoned judgment when implementing the weakest link principle because of a lack of quality data sources and/or conflicting information. If data is unavailable, we

[8] The peer reviews reports and supplementary reports published by the Global Forum on Transparency and Exchange of Information for Tax Purposes, can be viewed at: https://www.oecd.org/tax/transparency/; (visited on 06/05/2025).

[9] The Financial Action Task Force

[10] International Monetary Fund

[11] International Bureau of Fiscal Documentation, Amsterdam.

[12] PricewaterhouseCoopers, Worldwide Tax Summaries.

usually resort to the “unknown-is-secrecy principle”; this principle means that if there is a jurisdiction for which we are unable to locate publicly accessible information on a specific question, and the jurisdiction did not provide any feedback on our assessment, then the absence of data is reflected in the database by marking the relevant field as “unknown”, which is generally interpreted as evidence of opacity, resulting in a higher secrecy score (for details and special cases, see the following chapter 3 on each secrecy indicator).

3. The 20 secrecy indicators

3.1 Banking secrecy

3.1.1 What is measured?

This indicator assesses whether a jurisdiction provides banking secrecy. We go beyond the statutory dimension and assess the absence or inaccessibility of banking information and the criminalisation of breaches as elements of banking secrecy. For a jurisdiction to obtain a zero secrecy score on this indicator, the jurisdiction must ensure that banking data exists, that it has effective access to this data and not impose prison term sentences for breaching banking secrecy. We consider that effective access exists if the authorities can obtain account information without the need for separate authorisation, for example, from a court, and if there are no undue notification requirements or appeal rights against obtaining or sharing this information.

Accordingly, we have split this indicator into six subcomponents and the overall secrecy score for this indicator is calculated by simple addition of these subcomponents. The secrecy scoring matrix is shown in Table 3.1, with full details of the assessment logic given in Table 3.3.

In order to determine whether a jurisdiction's law includes the possibility of imprisonment or custodial sentencing for breaching banking secrecy, we rely on countries' responses to the Tax Justice Network's surveys and analyse each country's relevant laws to the extent this is feasible. Unless we are certain that a jurisdiction may not punish breaches of banking secrecy (for example, by a potential whistleblower) with prison terms, we add a 20 points to the secrecy score.

The availability of relevant banking information is measured by a jurisdiction's compliance with FATF-recommendations 10, 11 and 15.[1] Recommendation 10

[1] These recommendations refer to the new FATF methodology consolidated in 2012. Under the old FATF methodology of 2003, the corresponding recommendations are numbers 5 (replaced by new rec. 10), 8 (replaced by new rec. 15), and 10 (replaced by new rec. 11). The Financial Secrecy Index takes into account both the old and new methodologies because the FATF has not yet assessed all jurisdictions under the new methodology. The old recommendations can be viewed at: Financial Action Task Force. *Financial Action Task Force on Money Laundering. The Forty Recommendations.* Tech. rep. June 2003. URL: http : / / www . fatf - gafi . org / media / fatf / documents / recommendations / pdfs / FATF % 20Recommendations % 202003 . pdf [Visited on 23/05/2025]; the new recommendations

states that “Financial institutions should be prohibited from keeping anonymous accounts or accounts in obviously fictitious names”. The recommendation specifies that the financial institution must be able to identify not just the legal owner but also the beneficial owner(s), both in the case of natural and legal persons.[2] If a jurisdiction fails to comply with this recommendation, this adds a 20 points to the secrecy score.[3]

Recommendation 11 requires financial institutions to “maintain, for at least five years, all necessary records on transactions, both domestic and international”.[4] 20 additional points are added to the secrecy score if a jurisdiction is non-compliant with this recommendation.

Recommendation 15 requires jurisdictions to ensure that Virtual Assets Service Providers (VASPs) are treated equally as financial institutions by requiring them to identify, assess, and take effective action to mitigate their risks for money laundering and terrorist financing. As part of this requirement, VASPs should be licensed or registered and countries should ensure that VASPs are subject to adequate regulation and supervision or monitoring for AML/CFT and are effectively implementing the relevant FATF Recommendations. As such, VASPs must comply with policies and procedures related to Know Your Customer (KYC), Anti-Money Laundering (AML) and Counter Terrorism (CTF).[5] A further 20 points is added to the secrecy score if a jurisdiction is non-compliant with this recommendation. We have relied on the mutual evaluation reports and follow up reports published by the FATF, FATF-like regional bodies, or the IMF for the assessment of these criteria.[6]

In addition, we also measure whether banking data can be obtained and used for information exchange purposes, and if no undue notification[7] requirements or

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are available at: Financial Action Task Force. *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*. Tech. rep. Paris, Mar. 2022. URL: https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf [Visited on 23/05/2025]

[2] Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, also see footnote 1.

[3] In order to measure compliance, the FATF uses the following scale: 0 = non-compliant; 1 = partially compliant; 2 = largely-compliant; 3 = fully compliant. We attribute a 20% secrecy score for non-compliant, 13% for partially compliant, 7% for largely compliant and zero secrecy for fully compliant answers.

[4] Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.*

[5] Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*.

[6] The FATF periodically monitors jurisdictions’ compliance with the recommendations set in the mutual evaluation reports. The monitoring process results are published in follow-up reports, which may inform of changes in jurisdictions’ ratings. For jurisdictions assessed according to the new methodology, we have used the most recent rating published in FATF’s consolidated table of assessment ratings Financial Action Task Force. *Consolidated Assessment Ratings*. URL: https://www.fatf-gafi.org/en/publications/Mutualevaluations/Assessment-ratings.html, be it a mutual evaluation report or a follow-up report.

[7] While the Global Forum peer reviews assess whether a notification (to the investigated taxpayer) could delay or prevent the exchange of information, we also consider whether any notification to the investigated taxpayer takes place at all, even if it is after the exchange of information, because the taxpayer could start taking actions (eg transfer assets, leave the country, etc) to obstruct the legal and economic consequences of the requesting jurisdiction’s investigation or proceedings. By being

Table 3.1. Scoring Matrix: Banking secrecy

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Component 1: Consequences of breaching banking secrecy (20 points)	
(1) Breaching banking secrecy may lead to imprisonment / custodial sentencing, or unknown	20
Component 2: Availability of relevant information (60 points)	
(2)(a) Anonymous accounts – new FATF rec. 10/ old FATF rec. 5	20
(2)(b) Keep banking records for less than five years – new FATF rec. 11/ old FATF rec. 10	20
(2)(c) Adequate regulation and supervision of virtual asset service provides (VASPs) - new FATF rec. 15/ old FATF rec. 8	20
Component 3: Effective access (20 points)	
(3)(a) Inadequate powers to obtain and provide banking information, or unknown	10
(3)(a) Inadequate powers to obtain and provide banking information, or unknown	10

appeal rights[8] prevent effective sharing of banking data. We rely on the Global Forum's element B.1[9] to assess the powers to obtain and provide data, and we use Global Forum's element B.2[10] to assess undue notifications and appeal rights. Each is attributed a 10 points secrecy score if any qualifications apply to the

made aware, taxpayers could also take precautionary measures with respect to assets, bank accounts, etc, located in other jurisdictions.

[8] In those cases when the taxpayer is not notified (either because it is not a legal requirement or because there are exceptions to this notification), we still evaluate whether the information holder has any right to appeal or to seek judicial review. In this case, we consider whether there are legally binding timeframes for the appeal procedures and appropriate confidentiality safeguards to ensure that the exchange of information would not be delayed or prevented.

[9] The full element B.1 reads as follows: "Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information)." OECD and Global Forum on Transparency and Exchange of Information for Tax Purposes. *Implementing the Tax Transparency Standards: A Handbook for Assessors and Jurisdictions, Second Edition*. Paris: OECD, May 2011. URL: https : / / www . oecd - ilibrary . org / taxation / implementing - the - tax - transparency - standards_9789264110496-en [Visited on 09/05/2022], p.27.

[10] The full element B.2 reads as follows: "The rights and safeguards (eg notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information."OECD and Global Forum on Transparency and Exchange of Information for Tax Purposes, *Implementing the Tax Transparency Standards*, p.28.

Table 3.2. Assessment of Global Forum Data for Secrecy Indicator 1

"Determination" Results as in table of determinations of Global Forum B.1 / B.2	**"Factors"** Results as in table of determinations of Global Forum B.1 / B.2	**Secrecy Score**
"The element is in place."	No factor mentioned.	0
"The element is in place."	Any factor mentioned.	10
"The element is in place, but certain aspects of the legal implementation of the element need improvement."	Irrelevant.	10
"The element is not in place."	Irrelevant.	10

elements and underlying factors.[11] Where available, we also consider countries' replies to the Tax Justice Network's surveys.[12]

We consider that there are sufficient powers to obtain and provide banking information on request if the jurisdiction's authorities are able to access banking information which is at least five years old.

An overview of the rating for B.1 and B.2 is given in Table 3.2.

3.1.2 Why is this important?

For decades, factual and formal banking secrecy laws have obstructed information gathering requests from both national and international competent authorities such as tax administrations or financial regulators. Until 2005, most of the concluded double tax agreements[13] did not specifically include provisions to override formal banking secrecy laws when responding to information requests by foreign treaty partners.

This legal barrier to accessing banking data for information exchange purposes has been partially overcome with the advent of automatic information exchange.[14] Automatic exchange of information (AEOI) following the OECD's Common Reporting Standard (CRS) got underway in 2017 (see the secrecy indicator on the automatic exchange of information for more information automatic exchange of information). However, we consider access to information and undue notifications

[11] Because under Global Forum's methodology there are no clear criteria to determine when identified problems as described in "factors" are going to affect the assessment of an "element", we refrain from assessing a secrecy score only if no problems (factors) have been identified, irrespective of the element's assessment. However, we do consider both: (i) whether the factors mentioned are related to bank information; and (ii) whether information described in the report (even if not mentioned as a factor) is also relevant to assess a jurisdiction's power to obtain and exchange bank information. See also the footnotes below for more background on this issue.

[12] Tax Justice Network. *TJN Surveys*.

[13] Tax Justice Network. *Tax Information Exchange Arrangements*. May 2009. URL: http://www.taxjustice.net/cms/upload/pdf/Tax_Information_Exchange_Arrangements.pdf [Visited on 08/05/2022].

[14] Markus Meinzer. 'Automatic Exchange of Information as the New Global Standard: The End of (Offshore Tax Evasion) History?' *SSRN Electronic Journal* 2017. URL: http://www.ssrn.com/abstract=2924650 [Visited on 06/05/2022].

related to the "Upon Request" standard to be relevant still for the following reasons. First, AEOI will not take place among all countries. If AEOI takes place between countries A and B, country C (very likely a lower-income country) will still depend on specific information requests for accessing banking information from countries A or B. Second, AEOI will complement but not replace exchanges upon request. For example, after countries A and B exchange banking information automatically, country A may need to obtain more detailed information (eg when the account was opened, what was the highest balance account or information regarding a specific transaction). All these extra details will not be included in AEOI, but will have to be asked for through specific requests. In other words, even when AEOI is fully implemented and involves all countries, exchanges upon request will remain necessary.

In addition, some jurisdictions have tightened their penalties for breaches of extant banking secrecy. Some countries go further and defend their banking secrecy laws using criminal law and concomitant prosecution. Such laws intimidate and silence bank insiders who are ideally placed to identify dubious or clearly illegal activities by customers and/or collusion by bank staff and/or management. Effective protection for whistleblowers, which allows them to report to domestic or foreign authorities and/or to the media about a bank customer's illegal activities, is necessary to ensure that banking secrecy does not enable individuals, companies and banks to jointly and systematically break the law.

The extent to which banking secrecy has acted as a catalyst for crime is evident through leaks and large-scale public prosecutions of banks that have engaged in and supported money laundering and tax evasion by clients. In this context, the threat of prison sentences for breaches of banking secrecy has effectively deterred and silenced and led to retaliation against and prosecution of whistleblowers, even going as far as issuing arrest warrants against officials from tax administrations and deploying spies.[15] The threat of criminal prosecution for breaches of banking secrecy was and remains a potent means of covering up illicit and/or illegal activity.

Another widespread way[16] of achieving de facto banking secrecy consists of not properly verifying the identity of both account holders and beneficial owners, or allowing nominees such as custodians, trustees, or foundation council members to be acceptable as the only natural persons on bank records. Furthermore,

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[15] Naomi Fowler. *Whistleblower Rudolf Elmer: Legal Opinion on Latest Ruling*. Apr. 2019. URL: https://www.taxjustice.net/2019/06/04/whistleblower-rudolf-elmer-legal-opinion-on-latest-ruling/ [Visited on 03/05/2022]; Der Spiegel. 'Schweizer Geheimdienst Sammelte Informationen Über Deutsche Steuerfahnder' Feb. 2017. URL: https://www.spiegel.de/wirtschaft/soziales/schweizer-geheimdienst-sammelte-informationen-ueber-deutsche-steuerfahnder-a-1145703.html [Visited on 03/05/2022].

[16] Bastian Brinkmann et al. 'Wie Einfache Bürger Billige Dienste Für Offshore-Kunden Leisten'. *Süddeutsche.de* Apr. 2016. URL: http://www.sueddeutsche.de/politik/mittelamerika-leticia-und-die-briefkasten-oma-1.2954968 [Visited on 03/05/2022]; Tax Justice Network. *The UK-Swiss Tax Agreement: Doomed to Fail. Why the Deal Will Raise Little, and May Be Revenue-Negative for the UK*. tech. rep. Oct. 2011. URL: www.taxjustice.net/cms/upload/pdf/TJN_1110_UK-Swiss_master.pdf [Visited on 06/05/2022].

proper regulation of virtual asset service providers is also necessary to ensure these institutions are not used as a means to escape investigation.

Since most trusts, shell companies, partnerships and foundations need to maintain a bank account for their activities, the beneficial ownership information that banks are required to keep is often the most effective means of identifying the natural persons behind these legal structures. Together with the recorded transfers, ownership records of bank accounts can provide key evidence of criminal or illicit activity of individuals, such as embezzlement, illegal arms trading or tax fraud. Therefore, it is of utmost importance that authorities with appropriate confidentiality provisions in place can access relevant banking data routinely without being constrained by additional legal barriers, such as notification requirements, or factual barriers, such as missing or outdated records.

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 3.3. Assessment Logic: Banking secrecy

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
360	Are there criminal sanctions, custodial sentencing or any other statutory sanctions for breaches of banking secrecy?	0: Yes, there are prison terms for disclosing client's banking data to any third party (and possibly fines); 1: Yes, there are fines for disclosing client's banking data to any third party, but no prison terms; 2: No, there are no statutory sanctions for disclosing client's banking data to any third party.	20 points unless answer is >0
352	To what extent are banks subject to stringent customer due diligence regulations (Old Financial Action Task Force (FATF)-recommendation 5 / new FATF-recommendation 10)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0 = 0 points; 1 = 7 points; 2 = 13 points; 3: 20 points
353	To what extent are banks required to maintain data records of its customers and transactions sufficient for law enforcement (old Financial Action Task Force (FATF)-recommendation 10 / new FATF recommendation 11)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0 = 0 points; 1 = 7 points; 2 = 13 points; 3: 20 points
643	Do financial institutions identify and assess the money laundering or terrorism financing risks that may arise in relation to new technologies including virtual assets (Financial Action Task Force recommendation 15)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0 = 0 points; 1 = 7 points; 2 = 13 points; 3: 20 points
157	Does the domestic administration have sufficient powers to obtain and provide banking information on request?	1: Yes without qualifications; 2: Yes, but some problems; 3: Yes, but major problems; 4: No, access is not possible, or only exceptionally.	10 points except if answer is 1
158	Are there no undue notification and appeal rights against bank information exchange on request?	1: Yes without qualifications; 2: Yes, but some problems; 3: Yes, but major problems; 4: No, access and exchange hindered.	10 points except if answer is 1

3.2 Beneficial ownership of trusts

3.2.1 What is measured?

This indicator analyses whether a jurisdiction has a central register which is publicly accessible via the internet at a cost not exceeding US$10, €10 or £10[17] with information on all express [18] trusts (those created according to local law and here referred to as 'domestic law trusts', as well as those created under 'foreign law' but that have a connection to the jurisdiction because they are administered by a local trustee).

Alternatively, this indicator considers whether a jurisdiction prevents the creation of trusts or similar arrangements such as Treuhand, fiducie, fideicomiso, or waqf under its domestic laws, and/or whether it blocks its residents from administering trusts created under a foreign law. This indicator, however, does not include Unit trusts or trusts that are regulated as investment vehicles.

The logic behind this indicator is that a jurisdiction may neutralise the risks embedded in the opacity of trusts either (i) by requiring the registration and publication of relevant information relating to all the parties involved, or (ii) by prohibiting their creation or administration in their territories. The secrecy scoring matrix is given in Tables 3.4 and full details of the assessment logic can be found in Table 3.5.

For the assessment of trusts, the secrecy score depends on whether all trusts are registered and/or disclosed online, but we ignore the type and amount of information about trusts that is registered and/or published (if any).

This transitional lower standard for trusts is made because in many countries, trusts are not considered legal persons and thus their registration is usually incomplete, if not absent altogether.

[17] We consider this a reasonable criterion given a) the prevalence of the internet in today's world, b) as international financial flows are now completely relying on the use of 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.

[18] Express trusts refers to cases where the parties to the trust have the deliberate intention to create a trust, unlike cases where the law considers that a situation results creating a trust, for example, two individuals jointly purchasing real estate.

Table 3.4. Scoring Matrix: Beneficial ownership of trusts

Regulation [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]			Domestic law trusts **Available** (Trusts can be created according to local laws)	 **Not available** (Trusts cannot be created according to local laws)
Foreign law trusts with a local trustee	**Active promotion** (Jurisdiction is a party to the Hague Convention on Trust recognition)	**No disclosure** (in all circumstances, or unknown)	100	100 (Lack of domestic law trusts is "neutralised" by active promotion)
	No active promotion (Jurisdiction is not a party to the Hague Convention on Trust recognition)	**No registration** (in all circumstances, or unknown)	100	50 (At least domestic law trusts do not create a secrecy problem)
		Registration either/or Registration (but no disclosure) of either foreign or domestic law trusts (in all circumstances)	75 (At least domestic or foreign law trusts are registered)	0 (No secrecy problem: no domestic law trusts and foreign law trusts are registered)
		Registration of both Registration (but no disclosure) of both foreign and domestic law trusts (in all circumstances)	50 (Although both are registered, no disclosure)	-
		Disclosure of domestic but no registration of foreign (or vice versa) Registration plus disclosure of domestic law trusts, but no registration of foreign law trusts	50 (Although domestic are disclosed, no registration of foreign – or vice versa)	-
		Disclosure of domestic & registration of foreign (or vice versa) Registration plus disclosure of domestic law trusts & registration (only) of foreign law trusts	0	-

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Regulation [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]			Domestic law trusts	
			Available (Trusts can be created according to local laws)	**Not available** (Trusts cannot be created according to local laws)
	Active promotion is irrelevant	**Disclosure of both, if applicable*** Registration plus disclosure of both domestic and foreign law trusts (if applicable); or neither domestic nor foreign law trusts are allowed to be created and administered respectively	0 (Even if active promotion exists, it is "neutralised" by full disclosure of both domestic and foreign law trusts, if applicable)	

*Note(1): The Financial Secrecy Index includes an optional answer on trust registration (ID 206) called "trustee", to describe a situation where the registration of any trust (either domestic law or foreign law trust) depends on the trust having a local trustee. However, for secrecy score purposes, the optional answer "trustee" is considered to refer to the registration of only "foreign law trusts (with a local trustee)" instead of "both all domestic law trusts and foreign law trusts with a local trustee" because a country choosing this registration approach would not be covering those domestic law trusts which do not have a local trustee.

*Note (2): In relation to online information on trusts, the Financial Secrecy Index gives the benefit of the doubt for countries: (1) that have a central public online beneficial ownership registry that covers all types of legal vehicles (including foreign law trusts), and (2) where 'domestic law trusts' cannot legally be created. In these cases, even if it is not possible to find information on a trust on the online beneficial ownership registry, the Financial Secrecy Index considers that the reason for this lack of information, is that there are no foreign law trusts administered in the jurisdiction yet.

We also differentiate between situations in which countries merely fail by omission to regulate and register foreign law trusts administered by domestic lawyers, tax advisers or notaries, and other situations in which jurisdictions actively attract foreign law trusts, either by adherence to the Hague Convention on the Law Applicable to Trusts and on their Recognition[19] or by legislating equivalent domestic rules which regulate aspects of foreign law trusts for use in a domestic economic and legal context.

[19] *Convention of 1 July 1985 on the Law Applicable to Trusts and on Their Recognition*. 1985. URL: https://www.hcch.net/en/instruments/conventions/full-text/?cid=59 [Visited on 01/04/2022].

This indicator draws upon a variety of sources, mainly using information contained in the Global Forum peer reviews[20], but also private sector internet sources, FATF and IMF reports, the Tax Justice Network's surveys[21] and original legal analysis. In cases where there is indication that online registries on trusts are available, related websites have also been consulted.

3.2.2 Why is this important?

Trusts alter property rights. That is their purpose. A trust is formed whenever a person (the settlor) gives legal ownership of an asset (the property) to the trustee on condition that they manage and apply the income and profits arising from that property for the benefit of the beneficiaries.

Trusts have many legitimate purposes, but they can easily be abused for the purpose of concealing illicit activity, for example, by concealing the identity of a settlor or beneficiary, especially through the combination of trusts and legal persons in the ownership chain of companies and assets.[22]

Beyond being used to conceal identities, trusts are also employed to shield assets from legitimate creditors (including tax authorities), through the creation of an "ownerless limbo".[23] Particularly, discretionary trusts can give the impression that no individual owns or is entitled to trust assets to avoid responding with the trust assets: the settlor will claim not to own the assets anymore, because they were settled into the trust. The trustee will claim to be a mere legal owner of the trust assets, but with fiduciary duties to manage them in favour of the beneficiaries (although the trustee lacks any right to use or benefit from the assets for personal purposes). Finally, beneficiaries can argue that they must wait until a distribution is made to them, at which point they will own the assets; however, this distribution may never occur, as it ultimately depends on the trustee's discretion. This ownerless limbo (where on paper no party to the trust owns or has a right to the assets) can be used by those wishing to avoid taxes, but has also been used for other purposes, such as concealing assets from former spouses or family members, shielding assets from victims of violence, and even avoiding sanctions.[24]

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[20] 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. They can be viewed at: OECD. *Global Forum on Transparency and Exchange of Information for Tax Purposes: Peer Reviews*. Text. URL: https://www.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-peer-reviews_2219469x [Visited on 05/04/2022]

[21] Tax Justice Network, *TJN Surveys*.

[22] Andres Knobel. *Pandora Papers and (South Dakota) Trusts: Why Do Criminals and the Rich like Them so Much?* Oct. 2021. URL: https://taxjustice.net/2021/10/08/pandora-papers-and-south-dakota-trusts-why-do-criminals-and-the-rich-like-them-so-much/ [Visited on 05/04/2022]; Andres Knobel. *Trusts: Weapons of Mass Injustice?* Tech. rep. Tax Justice Network, 2017. URL: www.taxjustice.net/wp-content/uploads/2017/02/Trusts-Weapons-of-Mass-Injustice-Final-12-FEB-2017.pdf [Visited on 02/05/2022].

[23] Knobel, *Pandora Papers and (South Dakota) Trusts*; Knobel, *Trusts: Weapons of Mass Injustice?*

[24] Knobel, *Pandora Papers and (South Dakota) Trusts*; Knobel, *Trusts: Weapons of Mass Injustice?*

The existence of a central register recording the true beneficial ownership of trusts would break down the deliberate opacity surrounding this type of structure. The prospects of proper law enforcement would be greatly enhanced as a result.

For more information and analysis of the uses and abuses of trusts please read the Tax Justice Network's papers on Trusts.[25] For more background on the way discretionary trusts can be used to hide offshore wealth, please read our previous work.[26]

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 3.5. Assessment Logic: Beneficial ownership of trusts

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
204	Are trusts available?	0: NEITHER: Foreign law trusts cannot be administered and no domestic trust law; 1: ONLY FOREIGN: Foreign law trusts can be administered, but no domestic trust law; 2: BOTH: Domestic trust law and administration of foreign law trusts.	Integrated assessment of domestic and foreign law trusts as per Table 3.4. If both domestic and foreign law trusts are always registered and details published online, 0 secrecy score. If domestic trust law exists, and/or foreign law trusts are legally endorsed, but without registration or disclosure, 50 secrecy score.
355	Has the jurisdiction ratified the convention of 1 July 1985 on the Law Applicable to Trusts and on their Recognition ("Hague Convention") or otherwise become legally bound by it?	0: Yes; 1: No.	

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[25] Knobel, *Trusts: Weapons of Mass Injustice?*; Andres Knobel and Markus Meinzer. *Drilling down to the Real Owners – Part 1. More than 25% of Ownership" & "Unidentified" Beneficial Ownership: Amendments Needed in FATF's Recommendations and in EU's AML Directive*. Tech. rep. Tax Justice Network, May 2016. URL: http://www.taxjustice.net/wp-content/uploads/2013/04/TJN2016_BO-EUAMLD-FATF-Part1.pdf [Visited on 02/05/2022]; Tax Justice Network. *In Trusts We Trust*. 2009. URL: http://taxjustice.blogspot.com/2009/07/in-trusts-we-trust.html [Visited on 02/05/2022].

[26] Tax Justice Network, *The UK-Swiss Tax Agreement: Doomed to Fail. Why the Deal Will Raise Little, and May Be Revenue-Negative for the UK*.

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
206	Is any formal registration required at all?	0: NEITHER: Neither domestic law trusts nor foreign law trusts domestically managed have to register; 1: BOTH: Domestic law trusts have to register and foreign law trusts domestically managed have to register; 2: TRUSTEE: Only domestically managed trusts have to register (both foreign and domestic law trust); 3: FOREIGN, BUT NO DOMESTIC: Domestic law trusts cannot be created and foreign law trusts domestically managed have to register; 4: NEITHER, BUT NO DOMESTIC: Domestic law trusts cannot be created, but no registration of domestically managed foreign law trusts; 5: ONLY DOMESTIC: Domestic law trusts have to register, but no registration of domestically managed foreign law trusts; 6: ONLY FOREIGN: Domestic law trusts do not have to register, but foreign law trusts domestically managed have to.	
214	Is registration data for trusts available online ('on public record') for up to 10€/US$?	0: NEITHER: No, neither for foreign law trusts nor domestic law trusts (if applicable); 1: DOMESTIC: Only for domestic law trusts, but not for foreign law trusts (if applicable); 2: FOREIGN: Only for foreign law trusts; 3: BOTH: Yes, for both domestic and foreign law trusts (if applicable).	

3.3 Beneficial ownership of foundations

3.3.1 What is measured?

This indicator analyses whether a jurisdiction has a central register which is publicly accessible via the internet at a cost not exceeding US$10, €10 or £10[27] with information on all private foundations, including the identities of all the parties to the foundation.

This indicator also reviews if a jurisdiction's legislation lacks provisions for the creation of private purpose foundations (for example, if foundations are allowed, not for the benefit of a private person or family, but only for "public interests", such as foundations that focus on education, religion, sports, poverty, etc. in favour of the whole community).

The logic behind this indicator is that a jurisdiction may neutralise the risks embedded in the opacity of private foundations either (i) by requiring the registration and publication of relevant information relating to all the parties involved, or (ii) by prohibiting their creation in their territories. The secrecy scoring matrix is given in Table 3.6, and full details of the assessment logic can be found in Table 3.7.

Table 3.6. Scoring Matrix: Beneficial ownership of foundations

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
No online disclosure No updated online disclosure of key parties of all private foundations, irrespective of registration, or unknown	100
Partial online disclosure Updated registration of key parties of all private foundations plus partial online disclosure of the parties	50
Complete online disclosure Updated registration of key parties of all private foundations plus complete online disclosure, or no private purpose foundations law	0

For the assessment of foundations, we check if all the parties of a foundation need to be registered, updated and/or disclosed online.

[27] We consider this a reasonable criterion given a) the prevalence of the internet nowadays, b) as international financial flows are now completely relying on the use of 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.

Disclosure should comprise appropriate information for assessing its ownership implications, including updated and complete information on the identities of all parties.

Parties to a foundation are founders, foundation council members, beneficiaries and protectors (if any). For information on all parties to be considered updated, the relevant data should be updated at least annually. For information on all parties to be considered complete, it needs to include at least:

1. the full names of all parties of the entity; and
2. for each party:
    (a) in case of individuals, full address, or passport ID-number, birthdate (for registration) or year and month of birth (for online disclosure), or a Taxpayer Identification Number (TIN); or
    (b) in case of legal entities, company registration number plus address of principle place of business or registered address.

For founders, information must include beneficial ownership (eg if the founder is an entity or nominee, the natural person who is the beneficial owner of that entity or on whose behalf the nominee is acting[28]). However, if we were unable to determine whether a jurisdiction requires founder's information to include beneficial ownership, we exceptionally gave jurisdictions the benefit of the doubt, and the founder was assumed to be the beneficial owner, unless any evidence suggested that a legal entity may be registered as a founder. This exception to the "unknown is secrecy" principle is made for two reasons. First, this requirement has been explicitly embedded for the first time in the Common Reporting Standard (CRS) for automatic exchange of bank account information[29], but is not explicitly stated in FATF standards. Second, this level of detail was not specified in most of the available current sources (eg Global Forum peer reviews).

For other parties to a foundation (eg protectors, foundation council and beneficiaries), registration of complete and updated legal ownership is sufficient to consider full registration, including the identification of a "class of beneficiaries" (instead of a pre-determined beneficiary).

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[28] The FATF defines beneficial owners as the "natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement" Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, page 118.

[29] According to the Commentaries to the CRS, "[w]ith a view to establishing the source of funds in the account(s) held by the trust, where the settlor(s) of a trust is an Entity, Reporting Financial Institutions must also identify the Controlling Person(s) of the settlor(s) and report them as Controlling Person(s) of the trust." The subsequent paragraph specifies that for foundations similar provisions apply. See OECD. *Standard for Automatic Exchange of Financial Account Information in Tax Matters*. Tech. rep. OECD Publishing, July 2014. URL: http : / / www . oecd . org / ctp / exchange - of - tax - information / standard - for - automatic - exchange - of - financial - account - information - for - tax - matters - 9789264216525 - en . htm [Visited on 28/01/2025], p. 199, paragraphs 134 and 136. For more information, see the secrecy indicator on automatic exchange of information.

Alternatively, a zero secrecy score will be awarded in cases where a jurisdiction does not provide legislation for the creation of private foundations.

This indicator draws upon a variety of sources, mainly using information contained in the Global Forum peer reviews[30], but also private sector internet sources, FATF and IMF reports, the Tax Justice Network's surveys[31] and original legal analysis. In cases where there is indication that online registries on foundations are available, related websites have also been consulted.

3.3.2 Why is this important?

Private foundations serve a similar purpose to trusts (as discussed in secrecy indicator on the beneficial ownership of trusts). By definition, they do not have any owners, and they are designed to allow wealth owners to continue to control and use their wealth hidden behind the façade of the foundations.

Private foundations typically have a founder, a foundation council, and beneficiaries, and may also have a protector. Foundations are created around a foundation statute, often complemented by secret by-laws. In most secrecy jurisdiction contexts, private foundations need to be registered, though only very limited information (for example, about a registered office or some foundation council members) is required to be held in government registries. These registries are usually subject to strict secrecy rules.

The existence of a central register recording the true beneficial ownership of foundations would break down the deliberate opacity surrounding this type of structure. The prospects of proper law enforcement would be greatly enhanced as a result.

For more background on the way foundations can be used to hide offshore wealth, please read our previous work.[32]

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

[30] 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. They can be viewed at: OECD, *Global Forum on Transparency and Exchange of Information for Tax Purposes*

[31] Tax Justice Network, *TJN Surveys*.

[32] Tax Justice Network, *The UK-Swiss Tax Agreement: Doomed to Fail. Why the Deal Will Raise Little, and May Be Revenue-Negative for the UK*.

Table 3.7. Assessment Logic: Beneficial ownership of foundations

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
234	Are private foundations available?	0: Yes; 1: No.	Integrated assessment of private foundations as per Table 3.6. If private foundations do not exist, or need to disclose online all their key parties, 0 secrecy score. If private foundations exist but do not make available online any information on their key parties, 50 secrecy score.
236	Is any formal registration required for private foundations at all?	0: Yes; 1: No.	
237	Are the founders of a private foundation named?	0: No, not all of them have to be named (if any); 1: Yes, but a legal entity or nominee could be named; 2: Yes, but it is not clear if this refers to a natural person (beneficial owner); 3: Yes, a natural person (beneficial owner) has to be registered.	
393	What information has to be registered for the founders of a private foundation?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs, or incorporation numbers are always registered.	
238	Are the members of the foundation council named?	0: No, not all of them have to be named (if any); 1: Yes, but a legal entity or nominee could be named; 2: Yes, but it is not clear if this refers to a natural person (beneficial owner); 3: Yes, a natural person (beneficial owner) has to be registered.	
394	What information has to be registered for foundation council members?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs, or incorporation numbers are always registered.	
239	Is the enforcer/protector or a private foundation named?	0: No, not all of them have to be named (if any); 1: Yes, but a legal entity or nominee could be named; 2: Yes, but it is not clear if this refers to a natural person (beneficial owner); 3: Yes, a natural person (beneficial owner) has to be registered.	

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
395	What information has to be registered for the protector of a private foundation?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs, or incorporation numbers are always registered.	
240	Are the beneficiaries of the private foundation named?	0: No, not all of them have to be named (if any); 1: Yes, but a legal entity or nominee could be named, or a class of beneficiaries is identified; 2: Yes, but it is not clear if this refers to a natural person (beneficial owner), or a class of beneficiaries is identified; 3: Yes, every natural person mentioned as a beneficiary, and everyone who receives a distribution has to be registered.	
396	What information has to be registered for the beneficiaries of a private foundation?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs, or incorporation numbers are always registered.	
384	Is it mandatory to update the identity of those related parties (eg founders, council members, etc.) that have to be registered?	0: Yes; 1: No.	
244	Is private foundation registration data available online ('on public record') for up to $10 or €10?	0: No online disclosure for all private foundations; 1: Partial online disclosure for all private foundations (e.g. foundation name or registered number or address); 2: Yes, full online disclosure of all private foundations.	

3.4 Beneficial ownership of companies

3.4.1 What is measured?

This indicator assesses whether a jurisdiction requires all available types of companies to submit information on beneficial ownership, upon incorporation to a governmental authority, and whether it requires this information to be updated upon subsequent transfers or issuance of shares (or upon any other event or action which changes beneficial ownership information), regardless of whether or not this information is made available on public record. Public access to beneficial ownership information is assessed under secrecy indicator on transparency of company ownership and therefore is not considered for this indicator. In addition, this indicator does not consider companies that are listed on a public stock exchange or that are considered "investment entities" by the OECD's Global Forum, given they are regulated by the financial supervisor.

The recorded beneficial owners must be natural human beings who have the right to enjoy ownership or the rewards flowing from ownership of the entity, as prescribed by anti-money laundering standards.[33] For this purpose, trusts, foundations, partnerships, limited liability corporations and other variants of legal persons do not count as beneficial owners.

The secrecy scoring matrix is shown in Table 3.8, with full details of the assessment logic given in Table 3.9.

Given that many beneficial ownership registration laws are still recent and even the Financial Action Task Force (FATF) standards on the beneficial ownership definition may be contradictory,[34] this indicator does not require a specific element to be present in the beneficial ownership definition, but applies a reasonable test. If a definition appears reasonable, it is considered good enough. For example, this is the case if a jurisdiction requires every shareholder to be identified as a beneficial owner, even if the definition does not mention the term "control". By the same token, a definition that requires any person with 25% of the voting rights or right to appoint a director or other means of control would be considered enough, even if there is no defined ownership threshold. On the other hand, if a jurisdiction has too high thresholds (eg more than 50% before an individual is considered a beneficial owner), or if there is no definition at all to determine who a beneficial owner is, or if the definition includes legal vehicles as beneficial owners, the definition would be considered unacceptable.

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[33] FATF defines beneficial owners as the "natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement."Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, p. 119

[34] Andres Knobel. *Not Just about Control: One Share in a Company Should Be Enough to Be a Beneficial Owner*. Oct. 2019. URL: https://www.taxjustice.net/2019/10/02/not-just-about-control-one-share-in-company-should-be-enough-beneficial-owner/ [Visited on 03/05/2022].

Table 3.8. Scoring Matrix: Beneficial ownership of companies

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Incomplete beneficial ownership Complete and updated beneficial ownership information is not always recorded, or unknown	100
Complete beneficial ownership @>25% Complete and updated beneficial ownership information is always recorded at a threshold of more than 25% (no bearer share risk)	75
Complete beneficial ownership @>10-25% Complete and updated beneficial ownership information is always recorded at a threshold of more than 10% up to 25% (no bearer share risk)	50
Complete beneficial ownership @>0-10% Complete and updated beneficial ownership information is always recorded at a threshold of more than 0% up to 10% (no bearer share risk)	25
Complete beneficial ownership @1 share% Complete and updated beneficial ownership information is always recorded for any share/influence (no bearer share risk).	0
Senior Manager not as beneficial owner If there is a beneficial ownership registration law but no real beneficial owner was identified (eg no individual passed the applicable thresholds), the "senior manager" is not registered as if it was a real beneficial owner. Rather, the senior manager, if registered at all, is registered as a senior manager. If, however, there is no beneficial ownership registration, then the "senior manager clause is not considered.	-25

For ownership information to be considered updated, the relevant data should be updated at least annually. Furthermore, bearer shares[35] should not be available in the jurisdiction or, if available, there should be mechanisms to ensure that all existing bearer shares are immobilised or registered with a government authority (including a country's Central Securities Depository, if properly regulated)[36].

[35] Bearer shares are shares which are not registered, where the owner can be any person physically holding the share certificate and the transferring of the ownership involves only delivering the physical certificate.

[36] We consider that the obligation to register bearer shares exists when legal provisions establish a timeframe for immobilisation/registration of all existing bearer shares before the next publication of the batch of indicators containing this secrecy indicator and where the consequence for non-compliance is the loss of those shares. Provisions where the only consequence of non-compliance is the loss of voting rights or rights to dividends are not considered to be sufficient because this would involve the mere suspension of rights. In such a case, the holders of bearer shares may still transfer those shares or avoid identification until they intend to regain their rights. The same applies if there is no deadline to immobilise bearer shares, or where, after the deadline, holders of bearer shares are still allowed to recover their shares or rights after applying to a court or disclosing their names to the company. This is treated as an unacceptable suspension of rights, rather than the cancellation that this indicator requires.

For ownership information to be considered complete, it needs to comprise specific minimal elements. It should include:

1. the full names, and
2. full address, or a passport ID-number, or birthdates, or a Taxpayer Identification Number.

Zero secrecy score (full transparency) applies only to the ideal transparency scenario where registration encompasses absolutely all natural persons who have at least one share in the company. However, secrecy scores can be reduced from a 100 points of secrecy score if jurisdictions have comprehensive beneficial ownership registration (eg covering all companies), but where the definition of beneficial ownership is triggered by thresholds of control/ownership higher than just one share (eg 25% of ownership).

The FATF provides for a problematic clause in the rules to determine the beneficial owner. Under certain conditions, it allows the "relevant natural person who holds the position of senior managing official" to be registered as a beneficial owner of a company[37] If a jurisdiction with a law on beneficial ownership registration dispenses with a senior manager opt-out clause, the quality of the beneficial ownership data improves, resulting in a 25-point reduction in the secrecy score for this secrecy indicator. In this better case, a company would at least disclose having no beneficial owners (which could raise alerts or red flags) or would disclose that the person being registered is merely the senior manager because no real beneficial owner was identified, instead of giving the appearance that the company has a regular beneficial owner, who is in reality the senior manager.

Five different types of sources mainly inform this indicator. First, the Global Forum peer reviews[38] have been analysed to find out what sort of ownership information companies must register with a government agency. An important distinction is made between beneficial ownership information which refers to the natural persons who ultimately own the company, on the one hand, and legal ownership which "refers to the registered owner of the share, which may be an individual, but also a nominee, a trust or a company, etc."[39] A governmental authority is defined so as to include "corporate registries, regulatory authorities, tax authorities and authorities to which publicly traded companies report"[40] and is used interchangeably here with "government agency" or "public institution".

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[37] Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, 66, 10.C.5.b.i.iii. See more details in the section below

[38] 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. They can be viewed at: OECD, *Global Forum on Transparency and Exchange of Information for Tax Purposes*

[39] OECD. *Tax Co-operation 2010: Towards a Level Playing Field*. Text. Paris, 2010. URL: https://www.oecd-ilibrary.org/taxation/tax-co-operation-2010_taxcoop-2010-en [Visited on 06/05/2022].

[40] OECD, *Tax Co-operation 2010*.

Second, FATF mutual evaluation reports.[41]. Third, where doubts or data gaps existed, and to the extent this was possible, we have directly analysed domestic legislation that implements beneficial ownership registration. Given that many countries are still regulating beneficial ownership registration and these new laws have not yet been assessed by either the Global Forum or the FATF, the Financial Secrecy Index team has assessed the laws directly, to the extent capacity and language permitted, and has relied on comments by local experts. It is possible that these assessments may change after the Global Forum or FATF conduct an in-depth review of these new laws. Finally, we also consider the results of the Tax Justice Network's surveys.[42]

This secrecy indicator resembles the secrecy indicator on transparency of company ownership. However, the present secrecy indicator assesses only whether complete and updated beneficial information needs to be recorded at a government agency.

3.4.2 Why is this important?

The absence of reliable and comprehensive ownership information obstructs law enforcement and creates a criminogenic environment, as illustrated powerfully by the Panama Papers.[43] In essence, these revelations provided proof about the identities of beneficial owners of otherwise anonymous shell companies. The common thread in the Panama Papers was secrecy, enabling perpetrators to launder illicit proceeds of corruption, tax evasion, drug trafficking and much more. They often rely on secrecy, frequently through the use of shell companies, trusts, and foundations, which are readily available in most countries worldwide. Intermediaries such as lawyers, notaries, family offices and banks help create and handle those structures.

When a jurisdiction allows companies to be formed without recording beneficial ownership information, the scope for domestic and foreign law enforcement agencies to identify those hiding behind companies to engage in illicit financial flows is very restricted.

Non-resident persons (both natural and legal) can use a secretive company (that does not need to register its beneficial owners) to shift money illicitly while claiming to their domestic government authorities that they have no ownership interest in the company. For example, the proceeds of bribery and corruption can be hidden and transferred via shell companies. The World Bank reported in 2011:

> Our analysis of 150 grand corruption cases shows that the main type of corporate vehicle used to conceal beneficial ownership is the company

[41]The FATF consolidated its 49 (40 plus 9 special) recommendations to a total of 40 in 2012 (the "new recommendations") We used the latest available report for our analysis.

[42]Tax Justice Network, *TJN Surveys*.

[43]ICIJ. *The Panama Papers: Exposing the Rogue Offshore Finance Industry*. 2018. URL: https://www.icij.org/investigations/panama-papers/ [Visited on 27/03/2025].

> [...] Companies were used to hide the proceeds of corruption in 128 of the 150 cases of grand corruption reviewed.[44]

With respect to tax evasion, consider this hypothetical example: suppose that a national of Country A, claims that a company from Country B delivers consultancy services to his business and Country B company charges US$1,000 a month for these services. As a consequence, the Country A national pays US$1,000 every month to the Country B company and claims that a) he is no longer in possession of these funds since he paid them to a foreign company for services supplied, and b) that the US$1,000 paid monthly is a business expense that he may off-set against his income in his next tax return.

In reality, however, the Country B company is a shell owned and controlled by the Country A national. While Country A's tax authority might have a suspicion that these fund transfers are for illicit purposes, such as tax evasion, in the absence of registered ownership information, the only way for the tax authority to confirm its suspicions may be, under certain conditions, to contact its Country B counterpart.

The Country B tax authority, in turn, cannot readily access the required data on behalf of Country A authorities if the ownership information is not registered. In order to find out, it could undertake the lengthy exercise of trying to obtain information from financial institutions where the company is a customer or directly from the company. However, the necessary process may take months, and even then, the required beneficial ownership information may be unavailable in Country B because it is held in a third country. That third country may, of course, be a secrecy jurisdiction where a trust has been placed into the ownership structure for exactly this reason.

Obtaining correct beneficial ownership of offshore companies may be extremely time-consuming for authorities, and there is no guarantee that they will be able to obtain it.

Although major improvements in the area of beneficial ownership registration have taken place in the last decade, there is still much to be improved. Beneficial ownership registration alone is no guarantee for law enforcement to be able to find ownership data. Even if a jurisdiction's laws require the recording of beneficial owners controlling more than 25% of interest in a company, not a single beneficial owner might be recorded if four or more natural persons are jointly colluding to control the entity.

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

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[44] Emile Van der Does de Willebois et al. *The Puppet Masters. How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It.* Tech. rep. 2011. URL: https://star.worldbank.org/sites/default/files/puppetmastersv1.pdf [Visited on 23/05/2025], pp.20, 34.

Table 3.9. Assessment Logic: Beneficial ownership of companies

ID	ID question	Answers	Valuation Secrecy Score
471	Does the registration of domestic companies include beneficial owner's identity information?	0: No. Companies available without recorded beneficial ownership information; 1: Yes, more than 25%. All companies require recording of all beneficial owners at threshold of more than 25% (FATF); 2: Yes, 10%-25%: All companies require recording of all beneficial owners at threshold of more than 10%, up to 25%; 3: Yes, up to 10%. All companies require recording of all beneficial owners at threshold of more than any share/influence, up to 10%; 4: Yes all. All companies require recording of every single natural person with any share/influence ('beneficial owner').	Integrated assessment of beneficial ownership as per Table 3.8. If all beneficial owners are always registered and updated with all details at the 1 share level, zero secrecy score. If beneficial owners are not always registered, or registration is incomplete, or not updated, 100 secrecy score. Three intermediate scores for partial compliance. Absence of a senior manager clause in the definition of the beneficial owner results in a reduction of 25 of the secrecy score.
473	Is the update of information on the identity of beneficial owners mandatory?	0: No; 1: No, because bearer shares are available/circulating/not registered with a public authority (see below); 2: Yes.	
485	What information has to be registered for beneficial owners of companies?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs are always registered.	
388	Can a senior manager ever be registered as a beneficial owner (because no individual passed the threshold to be considered a beneficial owner)?	0: Yes, a senior manager may be registered as a beneficial owner, making it impossible to distinguish him/her from a real beneficial owner; 1: No, even if the senior manager is registered (because no individual passed the threshold to be considered a beneficial owner), he/she is registered as such, but not as an ordinary 'beneficial owner'; 2: No, if no individual has passed the threshold to be considered a beneficial owner, then the top 10 owners have to be identified as beneficial owners, or the company is struck off the registry.	

3.5 Freeports ownership

3.5.1 What is measured?

This indicator assesses the ownership transparency of valuable assets stored in freeports. Our assessment considers freeports as functional equivalents to "free economic zones," "special economic zones," "bonded warehouses," "customs warehouses," and similar preferential regimes that provide suspensive tax regimes or broad exemptions from indirect and/or direct taxes.[45] This draws from the fact that all such regimes present very similar risks in terms of opacity and corresponding vulnerability to financial crimes such as tax evasion or trade-based money laundering.[46] It assesses whether freeports are available in a jurisdiction and promoted for the storage of high-value assets[47] and whether it requires the registration and cross border automatic exchange of the identities of legal and/or beneficial owners of the stored valuables.

The secrecy scoring matrix is shown in Table 3.10, with full details of the assessment logic given in Table 3.11.

To meet a reasonable standard, published ownership information must comply with minimum requirements. In the case of beneficial owners, the information must relate to the natural human beings who have the right to enjoy ownership of the rewards flowing from ownership of the entity, as prescribed by anti-money laundering standards.[48] For this purpose, trusts, foundations, partnerships, limited liability corporations and other legal persons or structures do not qualify as beneficial owners. Different percentage thresholds of control or ownership applied in the definition of the beneficial owner are disregarded in this indicator as long as the definition and threshold of a beneficial owner are at least the same (if not even broader and lower, respectively) than the requirements of the Financial Action Task Force (FATF) and the European Union .[49]

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[45] All these regimes are collectively referred to as "freeports".

[46] European Commission. *Study of the Impact of Free Zones and Proposals for Guidelines on Their Future Modernisation in Light of the European Green Deal*. Tech. rep. European Commission, Directorate General for Taxation and Customs Union, Oct. 2023. URL: https://taxation-customs.ec.europa.eu/system/files/2023-10/20231011%20Final%20report_0.pdf [Visited on 31/01/2024]; Ron Korver. *Money Laundering and Tax Evasion Risks in Free Ports*. Tech. rep. European Parliamentary Research Service, Oct. 2018. URL: https://www.europarl.europa.eu/cmsdata/155721/EPRS_STUD_627114_Money%20laundering-FINAL.pdf [Visited on 22/06/2022].

[47] The availability of a freeport or a special economic zone is disregarded in the case of jurisdictions without income tax. In this case, the mere promotion of high-value assets storage is considered constructively equivalent to the promotion of high-value assets storage within a preferential regime.

[48] FATF defines beneficial owners as the "natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement." See Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, p.118 and Markus Meinzer. *Policy Paper on Automatic Tax Information Exchange between Northern and Southern Countries*. Sept. 2010. URL: http://www.taxjustice.net/cms/upload/pdf/AIE_100926_TJN-Briefing-2.pdf [Visited on 06/05/2022].

[49] Both the recommendations of the Financial Action Task Force (FATF) and the 5th Anti-Money Laundering Directive of the European Union apply a minimum floor of control or ownership of 'more than 25 per cent' of the company in the definition of a beneficial owner of a company. Under these rules, a natural person who directly or indirectly owns or controls 25 per cent or less of a company's

Table 3.10. Scoring Matrix: Freeports

Regulation		Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Freeports are available and promoted for storage of high value assets	**Incomplete or No Ownership Registration** No information on legal or beneficial ownership of assets held in freeports is consistently registered by local public authorities.	100
	Legal but not beneficial wnership registration – No automatic notice Updated and complete legal ownership information of stored assets is always registered, but not always sent automatically to countries of residence of the beneficial owners.	75
	Legal and beneficial ownership registration – no automatic notice Updated and complete legal and beneficial ownership information of stored assets is always registered, but not always sent automatically to countries of residence of the beneficial owners.	50
	Complete registration and automatic notice to the owner's residence jurisdiction Updated and complete legal and beneficial ownership information of stored assets is always registered and sent automatically to countries of residence of the beneficial owners.	0
Freeports are NOT available or are available but are NOT promoted to store high value assets (or promotion is unknown)	Freeports do not exist or are not promoted for high-value asset storage, or unknown.	0

A prerequisite for ownership information to be considered publicly available is that the information must be kept in a registry maintained by a governmental authority. A governmental authority is used interchangeably here with "government agency" or "public institution". In contrast, if the registry or access to registry data is managed by a private entity, we consider that it is not publicly available.[50] Furthermore, a publicly available register should include a search

shares would not be identified as a beneficial owner. Four members of one family are enough to frustrate this beneficial ownership registration threshold if each holds 25 per cent of the shares. For more information, please refer to Secrecy Indicator 4 on company ownership registration.

[50] The reasons are that the costs for accessing as well as the risks and incentives for manipulation (such as omissions or backdating changes) of ownership information remain far higher than with publicly run registers. Furthermore, privately managed registers and firms usually are not covered by freedom of information legislation, exacerbating secrecy.

function that allows searching by the street name of the real estate.[51] While the registry should be centralised for a jurisdiction, it does not yet need to cover its entire territory. It is sufficient if the registry is set up so as to aim at including the whole jurisdiction and it is clearly explained which areas are covered, and if no administrative subdivision holds a separate register or authority to object to data collection and provision.

For published ownership information to be considered updated, the relevant data should be required to be updated at least annually or upon any change. For ownership information to be considered complete, it needs to comprise specific minimal elements. It should include in the case of beneficial owners:

1. The full names of all beneficial owners of the high-value asset, where a beneficial owner is identified in line with or stricter than the requirements of the FATF and the European Union;[52] and for each beneficial owner:
2. Full address, or passport ID-number, or date of birth, or a Taxpayer Identification Number (TIN).

In the case of legal owners, the minimum details required to be submitted to public authorities should include:

1. The full names, and for each:
2. The full address or company registration number (for legal persons), or passport ID-number, or year and month of birth (natural persons), or a Taxpayer Identification Number (TIN).

The requirements for beneficial ownership information to be considered complete are identical to the indicators on company and partnership transparency.

To obtain a zero secrecy score, this data needs to be systematically registered with a public authority (customs authority, tax administration, financial intelligence unit, etc.), and the host jurisdiction (where the asset is stored) must notify the country of residence of the beneficial owner.

The information has been collected through the following means: first, a literature and media article review was conducted to identify high profile freeports. Second, an internet search was conducted by combining a jurisdiction's name with the following terms: "freeport", "bonded warehouse", "free trade zone", "foreign trade zone", "storage", "valuable storage", "art storage", and "gold storage". Third, the resulting information on the existence of specific storage facilities was checked for consistency with data collected through the Tax Justice Network's surveys.[53] Fourth, for those jurisdictions with such facilities, we

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[51] If the online interface of the register only allows searches using some administrative identifiers of the property (but not with street addresses or map selection), we have considered that registry information is available only if those administrative identifiers could otherwise be linked to street addresses through officially recognised and freely available websites.

[52] See note SI 4 on company ownership registration.

[53] Tax Justice Network, *TJN Surveys*.

reviewed FATF reports. Finally, if any source indicated that within the freeport facilities, ownership information about those using the facilities and owning the stored assets needed to be registered, corresponding government websites, legislation and regulations were analysed to assess whether there are adequate mechanisms in place to enable the countries in which the free ports are located to automatically send the information to countries of residence of the owners. Where no evidence was found to confirm the existence or promotion of freeports, the jurisdiction received a zero secrecy score.

Recent but insufficient transparency advancements in the EU

While EU regulations cover freeports and beneficial ownership, they are not comprehensive enough to ensure systematic availability of legal and beneficial ownership information for high-value assets held in freeports.

Under Regulation (EU) 2015/2446 and Regulation (EU) 2015/2447, EU Member State authorities are not allowed to systematically request ownership data for assets entering preferential regimes, as this may only be required when carrying controls under their competence. Under the Union Customs Code, ownership is only mentioned once, in the definition of the "holder of the goods": "the person who is the owner of the goods **or** who has a similar right of disposal over them **or** who has physical control of them".[54] Thus, for instance, under the Union Customs Code, the truck driver transporting a container filled with high-value assets, the intermediary storing the goods in a free zone, or the company registered in the Cayman Islands, which has the legal right to dispose of the goods, are amalgamated. This significant confusion trickles down into more recent regulations such as the Regulation (EU) 2019/880 on the introduction and the import of cultural goods,[55] and its implementing act, which only requires the details of the "holder of the goods" as a mandatory entry on import statements.[56] Similar to early anti-money laundering legislation, ownership information may be obtained upon request. Regarding beneficial ownership, although some high-value asset intermediaries are subject to anti-money laundering obligations and thus have to obtain beneficial ownership information, this data is only available to authorities upon targeted request. This makes it impossible for public authorities to access relevant beneficial ownership information, without previously identifying the individual in whose benefit high-value assets might be stored under

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[54] European Parliament and Council. *Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 Laying down the Union Customs Code (Recast)*. Oct. 2013. URL: http://data.europa.eu/eli/reg/2013/952/2022-12-12/eng [Visited on 16/04/2024], Art.5(34).

[55] European Parliament and Council. *Regulation (EU) 2019/880 of the European Parliament and of the Council of 17 April 2019 on the Introduction and the Import of Cultural Goods*. Apr. 2019. URL: http://data.europa.eu/eli/reg/2019/880/oj/eng [Visited on 17/04/2024].

[56] European Parliament and Council. *Commission Implementing Regulation (EU) 2021/1079 of 24 June 2021 Laying down Detailed Rules for Implementing Certain Provisions of Regulation (EU) 2019/880 of the European Parliament and of the Council on the Introduction and the Import of Cultural Goods*. June 2021. URL: http://data.europa.eu/eli/reg_impl/2021/1079/oj/eng [Visited on 17/04/2024], Annex I.

preferential regimes,[57] resulting regulatory arbitrage opportunities between different asset classes in terms of anonymity.

With regards to anti-money laundering obligations, coverage of key economic actors engaged in high-value assets storage implies that beneficial ownership data would, in principle, be available to authorities upon request. This is considered insufficient. Until 2018, high-value assets intermediaries were not covered under anti-money laundering obligations. Amendments updated the Anti-Money Laundering Directive 2015/849 to consider obliged entities intermediaries engaged in the storage of works of art in freeports, provided that the transaction amounted more than €10,000.[58] Regulation 2024/1624, set to enter into force in 2027, extends relevant assets to "cultural goods and high-value goods", and expands relevant regimes to "free zones and customs warehouses", leaving the transaction amount trigger at €10,000.[59] In summary, while asset and regime coverage appear to be comprehensive following Regulation 2024/1624, a significant loophole remains: the value of a transaction for the storage of high-value assets, such as diamonds or small masterpieces, may fall short of the proposed threshold. Indeed, the low volume of certain high-value assets may entail relatively low storage costs, even as the value of the underlying asset is very high. Moreover, the fact that ownership information is only available to authorities upon request makes it very difficult to identify assets or owners without previous information that such an owner is indeed a client of a specific intermediary covered by anti-money laundering obligations.

3.5.2 Why is this important?

In recent years, freeports have proliferated globally, catering to the ultra-rich while raising alarms about financial crime. Originally designed to promote trade and logistics hub development by deferring or exempting taxes and customs duties, these facilities have evolved into secretive vaults for art, gold, diamonds, and even luxury wine and classic cars. From Geneva's historic freeport (operating since 1888) to newer facilities in New York, Shanghai, and Luxembourg, these zones offer discretion, security, and a unique perk: if the assets do not enter the customs territory of the host country, taxes may never be paid.

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[57] European Commission, *Study of the Impact of Free Zones and Proposals for Guidelines on Their Future Modernisation in Light of the European Green Deal*; Korver, *Money Laundering and Tax Evasion Risks in Free Ports*.

[58] European Parliament and Council. *Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing, Amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and Repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (Text with EEA Relevance)*. May 2024. URL: http://data.europa.eu/eli/dir/2015/849/2021-06-30/eng [Visited on 01/09/2023].

[59] European Parliament and Council. *Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing (Text with EEA Relevance)*. May 2024. URL: http://data.europa.eu/eli/reg/2024/1624/oj/eng [Visited on 25/04/2025].

The surge in freeports mirrors trends in extreme wealth concentration. Billionaires, flush with cash, pour money into art and luxury assets,[60] while others - including drug lords like El Chapo - exploit freeports to launder money through untraceable transactions.[61] The 2008 financial crisis and stricter banking regulations further drove demand, as the wealthy sought havens for their assets beyond government scrutiny.[62]

Yet this opacity comes with risks. Freeports operate in a regulatory gray area, with lax oversight enabling fraud, smuggling, and even terror financing.[63] Stolen antiquities from war-torn Syria and Libya have surfaced in Geneva's freeport,[64] while "blood diamonds" enter the market with falsified certifications.[65] High-profile scandals, like that of "Freeport King" Yves Bouvier, highlight the system's vulnerabilities.[66]

Despite warnings from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and FATF, freeports remain a blind spot in global finance.[67] With no requirement to disclose ownership, they function as perfect tools for tax evasion and money laundering. Some jurisdictions, like Luxembourg and the United States, offer a variety of legal vehicles and financial instruments catered to art investment, further deepening the ecosystem's secrecy.[68]

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[60] Oddný Helgadóttir. 'The New Luxury Freeports: Offshore Storage, Tax Avoidance, and 'Invisible' Art'. *Environment and Planning A: Economy and Space* Dec. 2020, p. 0308518X20972712. URL: https://doi.org/10.1177/0308518X20972712 [Visited on 21/02/2023].

[61] Artnet News. *Inside Escaped Mexican Drug Lord El Chapo's Mansion—Is He an Art Collector?* July 2015. URL: https://news.artnet.com/market/inside-el-chapos-mansion-art-collector-316398 [Visited on 02/05/2022]; Eileen Kinsella. *We Profile 3 Famous Billionaire Drug Kingpins and the Art They Adored*. July 2015. URL: https://news.artnet.com/art-world/3-drug-kingpins-art-adored-316531 [Visited on 03/05/2022].

[62] Pauly, Christoph. 'Rich Move Assets from Banks to Warehouses'. *Der Spiegel* July 2013. URL: https://www.spiegel.de/international/business/art-as-alternative-investment-creates-storage-business-tax-haven-a-912798.html [Visited on 06/05/2022]; Chanjaroen Chanyaporn. 'Deutsche Bank Eröffnet Goldtresor Mit Kapazität von 200 Tonnen'. *Welt* June 2013. URL: https://www.welt.de/newsticker/bloomberg/article116978314/Deutsche-Bank-eroeffnet-Goldtresor-mit-Kapazitaet-von-200-Tonnen.html [Visited on 03/05/2022].

[63] AFP. 'Looted Palmyra Relics Seized by Swiss Authorities at Geneva Ports'. *The Guardian* Mar. 2016. URL: https://www.theguardian.com/world/2016/dec/03/looted-palmyra-relics-seized-by-swiss-authorities-at-geneva-ports [Visited on 08/04/2022].

[64] AFP, 'Looted Palmyra Relics Seized by Swiss Authorities at Geneva Ports'; Dunn-Davies, Huw. *The Usage of Freeports in the Art Industry*. June 2017. URL: https://www.borro.com/uk/insights/blog/usage-freeports-art-industry/ [Visited on 02/05/2022].

[65] Agathe Duparc. *Ports francs : les derniers paradis fiscaux suisses*. Aug. 2014. URL: https://www.mediapart.fr/journal/international/080614/ports-francs-les-derniers-paradis-fiscaux-suisses [Visited on 02/05/2022].

[66] Vincent Noce. 'Dealer Yves Bouvier Owes More than $800m in Back Taxes, Swiss Court Rules'. *The Art Newspaper* Oct. 2024. URL: https://www.theartnewspaper.com/2024/10/25/dealer-yves-bouvier-owes-more-than-800m-in-back-taxes-swiss-court-ruling-states [Visited on 29/05/2025].

[67] UNESCO. *Free Ports and Risks of Illicit Trafficking of Cultural Property*. Sept. 2016. URL: https://unesdoc.unesco.org/ark:/48223/pf0000372793#:~:text=There%20is%20a%20high%20risk,down%2C%20even%20many%20years%20later. [Visited on 08/05/2022]; FATF-GAFI. *Money Laundering Vulnerabilities of Free Trade Zones*. Tech. rep. Mar. 2010. URL: http://www.fatf-gafi.org/media/fatf/documents/reports/ML%20vulnerabilities%20of%20Free%20Trade%20Zones.pdf [Visited on 03/05/2022].

[68] Creatrust Advisory SRL. *Art Fund or Collectibles*. 2025. URL: https://special-limited-partnership.com/strategies/art-fund-or-collectibles/ [Visited on 20/05/2025]; U.S. Department of the Treasury. *Study of the Facilitation of Money Laundering and Terror Finance Through the Trade in Works of Art*. Tech. rep. U.S. Treasury, Feb. 2022. URL: https://home.treasury.gov/system/files/136/Treasury_Study_WoA.pdf.

The solution, experts argue, lies in transparency: mandating ownership registration and closing legal loopholes.[69] Until then, freeports will continue to thrive as secretive storage places for the super-rich - and as international hubs for illicit financial flows.

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 3.11. Assessment Logic: Freeports ownership

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
418	Are freeports/free trade zones/foreign trade zones/bonded warehouses promoted as places to store valuable assets (eg gold bullion, art, precious stones, jewelry, cash, antiquities, wines, cigars, cars)?	0: Yes; 1: No.	If answer is No: zero secrecy score; otherwise see below (ID 439)
439	Is information on legal and beneficial owners of assets stored in freeports/free trade zones/foreign trade zones/bonded warehouses always registered by a government agency, and sent to respective countries of residence of the owners?	0: Neither legal nor beneficial owners need to be reported in all cases to a domestic government agency (eg customs office, a commercial registry, tax administration, central bank or a similar body); 1: Only legal owners need to be reported in all cases to a domestic government agency (eg customs office, a commercial registry, tax administration, central bank or a similar body); 2: Legal and beneficial owners need to be reported in all cases to a domestic government agency (eg customs office, a commercial registry, tax administration, central bank or a similar body); 3: Information on legal and beneficial ownership is sent to the corresponding countries of residence of the owners.	0: 100; 1: 75; 2: 50; 3: 0

[69] Korver, *Money Laundering and Tax Evasion Risks in Free Ports*; European Commission, *Study of the Impact of Free Zones and Proposals for Guidelines on Their Future Modernisation in Light of the European Green Deal*.

3.6 Real estate ownership

3.6.1 What is measured?

The indicator assesses jurisdictions' rules and regulations regarding real estate ownership transparency. The indicator is composed of three components. The first component covers the availability of real estate information to the government through the collection, centralisation and digitalisation of real estate data. The second component assesses the extent to which information on the ownership of local real estate is publicly accessible online, at a cost or for free. The third component tests whether jurisdictions collect beneficial ownership information of foreign companies and other legal vehicles (eg trusts) that own or acquire local real estate.[70]

Component 1: Real estate data availability

Collection, centralisation and digitalisation of local real estate information is a crucial first step in establishing real estate ownership transparency. The first component of the indicator therefore covers the data availability of real estate information in a jurisdiction by assessing whether a jurisdiction has a central registry of real estate information. This can be a registry of real estate ownership information, a cadastre or an integrated geoportal with or without individual ownership information. A jurisdiction will also be considered to have a central register if real estate registration is decentralised but accessible through a central access point. In other words, if the jurisdiction does not have a central register but its laws require the information in local or regional registers to be centralised and made available to authorities, the jurisdiction is considered to have a central register.

The optimal secrecy score of zero under this component is given to jurisdictions that qualify as having a central register and which also make some of this data publicly available through a digital interface. Indications of minimal property information being available online for the whole jurisdiction are sufficient to conclude that a jurisdiction where real estate data is available centrally has an online registry, even if access is limited to qualifying users (eg public officers, real estate professionals etc), or not all types of information are digitalised.

If a jurisdiction has a central register but without any online data availability, the jurisdiction scores 5 points (out of 30). The maximum secrecy score of 30 is given to jurisdictions that have only decentralised registers, such as municipal, provincial or regional registers, without a centralisation requirement, or whose central registry does not cover one or more regions, provinces or territories.

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[70] In most countries, beneficial ownership registration for trusts does not depend on the governing law of the trust (eg whether the trust is local or foreign) but rather on the location of the trustee. Therefore, countries may require beneficial ownership registration for any trust that acquires real estate, or specifically only for trusts administered abroad (with a trustee located abroad) that acquires real estate.

Legally recognised customary, Indigenous, communal or traditional land-tenure systems, as well as specialised records for certain property rights or units, do not by themselves prevent a jurisdiction from being considered to have a central register. This includes, for example, building registers, condominium or sectional ownership records, or separate records for land and built units, provided that the whole national territory remains covered by a central registration, cadastre, geoportal or authority-access framework.

Component 2: Real estate data access

Beyond the government's collection of real estate information, the next step towards real estate transparency is ensuring that the general public has access to ownership information of local real estate.

The second component therefore assesses access to real estate legal ownership data. Two subcomponents are checked: legal and administrative restrictions on public access and online availability of the data at a cost or for free.

Legal and administrative restrictions

Jurisdictions that enable public access without restrictions are granted zero secrecy score. The legal ownership data can be made publicly available through online access or through physical access of the register or both. Jurisdictions with unrestricted public access - either online or in-person - score zero points.

20 points are granted to jurisdictions that do not enable public access to legal ownership data on local real estate. The same score is granted to jurisdictions that provide access but impose one of the following legal or administrative requirements for publicly accessing the data:

- Legitimate interest / balancing test: access requires the proof of a specific, relevant, and recognised reason to view the data;
- Documentary proof of status or entitlement regarding the real estate (e.g. owners, creditors);
- Approval by a public authority such as a judicial court or an administrative authority body;
- Professional / role-based access: access is only granted to persons with certain professional or personal qualifications (eg real estate agents, notaries or persons authorised to act on behalf of the owner etc);
- Residency-only / national eID restriction.

Online access to ownership data

This subcomponent focuses exclusively on data held in central registries that is publicly available regardless of legal or administrative restrictions (eg requirements for local residence, legitimate interest, citizenship etc). This

includes online access which is local or regional and which is granted on the basis of nationwide legal requirements.

If the data is publicly accessible online free of charge, the jurisdiction is granted zero secrecy score. If the jurisdiction charges a fee which is equal to or less than EUR 12, it scores 5 points. If the fee is higher than EUR 12, it scores 10 points. If there is no online public access to the data, the jurisdiction is granted the maximum 30 secrecy scores.

Component 3: Real Estate beneficial ownership information

Beyond the availability and access to legal ownership, comprehensive real estate transparency also requires the availability of information on the beneficial owners of foreign legal entities (eg companies) and arrangements (eg trusts) holding local real estate.

It can be possible to determine the beneficial owners of real estate when the country has a central beneficial ownership registry (see the secrecy indicators on beneficial ownership). In this case, authorities could combine legal ownership information from the real estate registry (eg the house is owned by local Company A) with information from the beneficial ownership registry (eg the beneficial owner of Company A is John). Based on international standards, most countries that have beneficial ownership registries cover local legal persons. This means that if real estate is owned by a local company, then authorities should be able to determine the beneficial owner of a property.

However, local real estate can also be owned by foreign legal vehicles. For real estate transparency, it is therefore essential that jurisdictions extend their beneficial ownership registration requirements also to foreign legal vehicles to register their beneficial owners in case they own or acquire local real estate within the jurisdiction.

If local beneficial ownership laws require registering beneficial ownership information of foreign companies as well as of other legal vehicles (eg partnerships or trusts[71]), the jurisdiction scores zero points. If the jurisdiction only requires registering beneficial ownership information for one type of legal vehicle (eg only for companies, or for trusts) the jurisdiction scores 15 points. If the jurisdiction does not require the registration of beneficial ownership of any legal vehicles because they own or acquire local real estate (or because there is no beneficial ownership registration in the country), or if the situation is unknown, the jurisdiction is granted the maximum 20 points.

The main source of information for the third component are jurisdictions' general beneficial ownership registration laws for companies and other legal vehicles.

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[71] In most countries, beneficial ownership registration for trusts does not depend on the governing law of the trust (eg whether the trust is local or foreign) but rather on the location of the trustee. Therefore, countries may require beneficial ownership registration for any trust that acquires real estate, or specifically only for trusts administered abroad (with a trustee located abroad) that acquires real estate.

Specific beneficial ownership requirements for real estate in other legal instruments were considered as much as possible.

The secrecy scoring matrix is shown in Table 3.12, with full details of the assessment logic given in Table 3.13.

Table 3.12. Scoring Matrix: Real estate ownership

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Component 1: Real estate data availability (30 points)	
Real estate data is available in a central register that is online.	0
Real estate data is available in a central register but not online.	5
Real estate data is available in a register that is not central or there is no register.	30
Component 2: Real estate data access (50 points)	
Legal and administrative restrictions	
Real estate ownership data is publicly accessible in the registry without legal or administrative restrictions.	0
Legal or administrative restrictions prevent public accessibility to the data, or the situation is unknown.	20
Online access to ownership data	
Real estate ownership data is publicly available online, free of charge.	0
Real estate ownership data is available online at cost which is equal to or lower than EUR 12.	5
Real estate ownership data is available online at a cost which is higher than EUR 12.	10
Real estate ownership data is not available online, or the situation is unknown.	30
Component 3: Real Estate beneficial ownership information (20 points)	
Foreign companies and at least one other type of legal vehicle (eg trusts[71]) acquiring local real estate are obliged to register beneficial ownership information.	0
Only foreign companies OR only trusts[71] (but not other type of legal vehicle) acquiring local real estate are obliged to register beneficial ownership information.	15
Acquisition or holding of local real estate by foreign companies or any other type of legal vehicle does not trigger the registration of beneficial ownership information, or there is no beneficial ownership registration law.	20

3.6.2 Why is this important?

Money laundering is the process by which criminals disguise the source of funds derived from illegal activities and make the funds appear as if they originated from legitimate sources. These underlying illegal activities (or 'predicate offences' for money laundering) include drug trafficking, fraud, human trafficking,

counterfeiting, and a variety of other offences that generate illicit funds through criminal activities.

Real estate has long been a favoured vehicle for laundering illicit funds from criminal activities. To disguise the origin of illicit funds ('layering'), money launderers purchase real estate with the illicit funds ('placement') so that the value of the illicit funds returns to the legitimate economy in the form of a 'clean' asset ('integration').

Investigative journalism and government reports continue to shed light on the massive scale of this problem. A study with a focus on the United States by the Anti-Corruption Data Collective, the FACT Coalition and Global Financial Integrity from 2024 concludes that over the last 20 years, more than USD 2.6 billion in suspicious funds were invested in commercial real estate in the U.S. The illicit funds used to buy the commercial real estate originated in 14 different countries including Russia, Mexico, and China.[72] In Canada, a public inquiry commission (known as the 'Cullen Commission') concluded in 2022 that for the year 2018 alone, between USD 800 million and USD 5.3 billion had been laundered through the real estate market in the Canadian province of British Columbia. The money laundering is believed to have contributed to a spike in local housing prices of between 3.7 and 7.5 per cent.[73] In Australia, after media reports have linked illicit proceeds from casino activities to local real estate. A 2024 Australian Government report on money laundering in Australia estimated that criminal proceeds generated in Australia each year could reach AUD 43.7 billion. The purchase of Australian real estate is identified as a very high-risk channel for the laundering of those proceeds.[74] More than half of the assets recovered or restrained by Australian authorities in money laundering convictions consist of domestic real estate.[75]

Real estate is attractive to money launderers for a number of reasons. The acquisition of real estate allows for the laundering of large amounts of illicit funds with a single transaction due to the high value of real estate, relative to other goods. Real estate is often perceived as a safe and attractive investment, combining opportunities for personal or commercial use with the potential to generate rental income or gains through speculation. Pressure on financial institutions to avoid doing business with potential money launderers has encouraged the latter to find alternative means of laundering like real estate.

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[72] FACT Coalition et al. *Money Laundering Risks in Commercial Real Estate: An Analysis of 25 Case Studies*. Tech. rep. May 2024. URL: https://thefactcoalition.org/wp-content/uploads/2024/04/Money-Laundering-Risks-in-Commercial-Real-Estate.pdf [Visited on 12/06/2026], p.3.

[73] Austin F. Cullen. *Commission of Inquiry in Money Laundering in British Columbia. Final Report*. Tech. rep. June 2022. URL: https://cullencommission.ca/files/reports/CullenCommission-FinalReport-Full.pdf [Visited on 12/06/2026], p.24.

[74] Australian Government. *Money Laundering in Australia: National Risk Assessment*. Tech. rep. 2024. URL: https://www.austrac.gov.au/sites/default/files/2024-07/2024%20AUSTRAC%20Money%20Laundering%20NRA.pdf, pp.22, 69.

[75] Australian Government. *The Adequacy and Efficacy of Australia's Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Regime*. Inquiry. 2021. URL: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Legal_and_Constitutional_Affairs/AUSTRAC [Visited on 12/05/2026], p.10.

Furthermore, the lack of transparency in corporate and land registries and the minimal reporting of suspicious transactions by the parties involved in the transactions, exacerbate the opacity abused by money launderers.[76]

Money laundering is not the only crime for which real estate serves as the vehicle of choice. Ownership of offshore real estate is also instrumental to cross-border tax evasion. Whereas money laundering involves the ”cleaning” of illicit funds, tax evasion consists of the illegal non-payment or underpayment of tax, for instance through the concealing of income or hiding income generating assets from the tax authorities. In the case of tax evasion, the funds used to acquire income generating real estate are not necessarily derived from illegal. However, where taxable income derived from real estate is not declared, that income may constitute the proceeds of tax evasion and therefore becomes subject to money laundering. It such case, the tax evasion itself can be qualified as a predicate offence for money laundering.

Research by Alstadsaeter et al. from 2025 that focuses on the U.A.E. shows that the share of non-residents ownership in residential real estate in Dubai is outsized, as compared to other large global cities. Tax evasion is one of the important motives for owning offshore real estate in the U.A.E, with nearly 80% of properties not declared in the case of Norwegian owners.[77] Applying the same evasion rate to the total stock of foreign owned real estate in Dubai, the authors estimate approximately USD 2.9 billion in undeclared rental income and USD 4.1 billion in undeclared capital gains for 2020 and 2021.[78]

Taxpayers have also been relying on offshore rent-routing to evade taxes on rental income derived from local and offshore real estate. By transferring the legal ownership of the rental property to a shell company set up in a zero-tax jurisdiction,and by having rent directly paid into the offshore entity’s bank account without repatriating the funds, rental income is kept out of sight of tax authorities. This transparency gap can only be effectively addressed by requiring the jurisdiction in which the property is located to collect beneficial ownership information for any trust or foreign company acquiring local real estate and exchanging information on the property and related income with both the jurisdiction of the legal owner (ie the shell company) and that of the beneficial owner (ie the individual ultimately controlling the shell company).

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[76] Cullen, *Commission of Inquiry in Money Laundering in British Columbia. Final Report*, p.774-775.

[77] EU Tax Observatory. *Who Owns Offshore Real Estate? Evidence from Dubai.* Tech. rep. Sept. 2025. URL: https://taxobservatory.world/www-site/uploads/2025/09/Who-Owns-Offshore-Real-Estate-Evidence-from-Dubai-16.09.2025.pdf [Visited on 12/06/2026].

[78] EU Tax Observatory, *Who Owns Offshore Real Estate? Evidence from Dubai.* p.33. It should be noted that the focus on Dubai real estate is tied to the fact that the U.A.E.’s tax system acerbates the risk of tax evasion involving real estate. In international tax law, real estate rental income and capital gains is understood to be primarily taxable in the jurisdiction where the properties are situated. The residence state of the owner will usually give a tax credit for tax paid abroad or exempt the income if taxed where the property is situated. If the property’s jurisdiction does not levy income tax, then non-declaration of the property triggers double non-taxation. If the property’s jurisdiction does tax the income, declaration in the owner’s jurisdiction is relevant to preserve the progressivity of the income tax.

Importance of availability and public access to real estate information

Land registries strengthen public administrations by enabling more effective land-use regulation, facilitating property taxation systems that link rising land values to the provision of public goods, and reducing the risk of money laundering and fraud.[79] Digitalisation and centralisation increase the quality and reliability of information they contain, and improve the ease of accessing registry data. Component 1 therefore assesses the extent to which governments collect and maintain information that can be used for anti-money laundering and other public purposes.

Civil society, investigative journalism and academic research play a crucial role in detecting suspicious patterns of money laundering involving real estate. To safeguard this watchdog function, legal ownership data of real estate should be made publicly accessible online as much as possible. Online public accessibility of the data is also the most effective and inclusive form of sharing data between jurisdictions. This ensures that authorities investigating money laundering involving offshore real estate can access ownership data regardless of whether their jurisdiction has entered into a relevant bilateral or multilateral agreement. The accessibility of legal ownership data is assessed under Component 2.

The measures assessed in Component 1 on data availability also play a role in the fight against tax evasion involving real estate. In 2025, the OECD released the Multilateral Competent Authority Agreement on Automatic Exchange of Readily Available Information on Immovable Property (IPI MCAA). The IPI MCAA is the OECD's attempt to curb the increasing use of offshore real estate in tax evasion schemes over the past decade. This development has been attributed in part to the success of the Common Reporting Standard (CRS) (see Secrecy Indicator on automatic exchange of information) which has made offshore financial accounts more transparent and thereby incentivised some tax evaders to substitute them with offshore real estate holdings.[80]

As of April 2026, a first group of 25 countries has already indicated that they "aim to join the IPI MCAA by 2029 or 2030, subject to domestic procedures as applicable."[81] One of the core elements of domestic process is the availability of local real estate data. The IPI MCAA includes a minimum standard of data information which countries are required to have available and exchange if they want to participate in the new framework. This includes information on legal ownership of local real estate, which must be electronically captured, sortable

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[79] Jayashree Srinivasan et al. *Modernizing Land Administration: A Coverage-First Agenda for Digital Transformation*. Policy Indicator Brief. May 2026. URL: https://openknowledge.worldbank.org/server/api/core/bitstreams/edabf199-ad6a-40cc-898d-b5b34eef9501/content [Visited on 12/06/2026].

[80] OECD. *Enhancing International Tax Transparency on Real Estate: OECD Report to G20 Finance Ministers and Central Bank Governors*. Tech. rep. Paris: OECD Publishing, July 2023. URL: https://doi.org/10.1787/37292361-en [Visited on 12/06/2026].

[81] *Collective Engagement to Exchange Readily Available Information on Immovable Property Joint Statement of 4 December 2025*. Dec. 2025. URL: https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/joint-statement-ipi-mcaa.pdf [Visited on 12/06/2026].

and searchable.[82] Component 1 of this Indicator can be seen as a proxy of the fulfilment of the IPI MCAA's minimum data requirements. A jurisdiction with a central real estate register available online is better positioned to collect and exchange the information required under the IPI MCAA.[83]

The IPI MCAA also contains a list of real estate information for which the automatic exchange is optional and thus subject to availability. This includes the beneficial ownership information of local and foreign entities owning local real estate. If available, the information regarding the beneficial owner will be exchanged with the jurisdiction of residence of the beneficial owner.[84] The effectiveness of this new form of automatic exchange of information thus largely depends on whether real estate jurisdictions have extended their beneficial ownership registration requirements, which is assessed under Component 3.

Finally, the registration of beneficial ownership information of legal vehicles owning local real estate is an important anti-money laundering measure. This applies not only to companies and other legal entities but also to foreign and domestic trusts and other legal arrangements. In this regard, the 2022 FATF Guidance for a risk-based approach of the real estate sector[85] described that "a significant portion of the countries assessed during the FATF 4th round of mutual evaluations identify the real estate sector as having a high ML/TF risk", offering several examples of how this works in practice.[86]

The FATF concludes that access adequate, accurate, and up-to-date information on the beneficial owner(s) behind real estate transaction is a key mitigation policy to reduce money laundering risk in the real estate sector. This is because it prevents criminals from abusing nominees and legal vehicles – such as shell companies and trusts – to obfuscate their involvement in money laundering activities related to real estate.[87]

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[82] OECD. *Framework for the Automatic Exchange of Readily Available Information on Immovable Property for Tax Purposes: OECD Report to G20 Finance Ministers and Central Bank Governors*. Tech. rep. Paris, Oct. 2025. URL: https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/framework-for-the-automatic-exchange-of-readily-available-information-on-immovable-property-for-tax-purposes.pdf [Visited on 12/06/2026], IPI MCAA at Section 1.c).

[83] The EU Directive on Administrative Cooperation in Tax Matters (Directive 2011/6/EU, or DAC1) is an illustration of this interplay between domestic data availability and exchange of information. Like in the IPI MCAA, DAC1 made the automatic exchange of information on real estate between EU member countries is based on opt-in and availability of the information. A EU Commission survey of 2018 on the implementation of DAC1 noted that under impulse on participating in exchange of information under the DAC, some EU countries, like the Czech Republic and Finland, have been reordering and centralising their national real estate information databases. See European Commission. *Report from the Commission to the European Parliament and the Council on Overview and Assessment of the Statistics and Information on the Automatic Exchanegs in the Field of Direct Taxation*. Dec. 2018. URL: https://taxation-customs.ec.europa.eu/document/download/c2217f97-eeda-4fc9-9655-7bce9b06bc62_en [Visited on 12/06/2026]

[84] OECD, *Framework for the Automatic Exchange of Readily Available Information on Immovable Property for Tax Purposes: OECD Report to G20 Finance Ministers and Central Bank Governors*, IPI MCAA at Annex-Information Items subject to Exchange.

[85] FATF. *Guidance for a Risk-Based Approach: Real Estate Sector*. Tech. rep. FATF, July 2022. URL: https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/RBA-Real-Estate-Sector.pdf.coredownload.pdf [Visited on 12/06/2026].

[86] FATF, *Guidance for a Risk-Based Approach: Real Estate Sector*, p.14, Box 2.2.

[87] FATF, *Guidance for a Risk-Based Approach: Real Estate Sector*, p.16.

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 3.13. Assessment Logic: Real estate ownership

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
661	Is there a central registry of domestic real estate publicly available online?	0: Yes, there is an online central registry; 1: No, there is a central registry, but it is not online; 2: No, there is no central registry.	0: 0 points; 1: 5 points; 2: 30 points.
662	Are there legal or administrative restrictions regarding the accessibility of ownership data in the registry?	0: No; 1: Yes.	0: 0 points; 1: 20 points.
663	Is ownership data available online with or without cost barriers (max EUR 12)?	0: Yes, for free; 1: Yes, for low cost; 2: Yes, but for high cost; 3: No, information is not available online.	0: 0 points; 1: 5 points; 2: 10 points; 3: 30 points.
660	Does the beneficial ownership registration law (for local companies) extend beneficial ownership registration to foreign companies and/or other types of legal vehicles that acquire or hold domestic real estate?	0: Yes, both to foreign companies and at least one other type of legal vehicle; 1: Yes, but only to foreign companies; 2: Yes, to trusts, but not to other types of legal vehicles; 3: No, foreign companies and other types of legal vehicles do not need to register their beneficial owners just because they buy or hold real estate; 4: No, there is no beneficial ownership registration law.	0: 0 points; 1 or 2: 15 points; 3 or 4: 20 points.

3.7 Transparency of partnerships with limited liability

3.7.1 What is measured?

This indicator analyses two aspects of the transparency of limited partnerships:

1. Regarding beneficial ownership: it assesses whether a jurisdiction requires all types of limited partnerships to publish beneficial ownership online for free and in a format which can be easily copied, or at a maximum cost of US$10, €10 or £10;

2. Regarding annual accounts: it assesses whether all limited partnerships are required to file their annual accounts with a governmental authority/administration and to make them accessible online for free, and in an accessible format from which the data can be easily copied or at a maximum cost of US$10, €10 or £10.[88]

Accordingly, we have split this indicator into two components. The overall secrecy score for this indicator is calculated by simple addition of the secrecy scores of each of these components. The secrecy scoring matrix is shown in Table 3.14, with full details of the assessment logic given in Table 3.15.

We consider limited partnerships as any partnership where at least one partner enjoys limited liability, or where other legal entities are allowed as partners. Jurisdictions that do not allow this type of partnership to be legally created obtain a zero secrecy score in this indicator.

Component 1: Ownership/ Partners' Identities (50 points)

To meet a reasonable standard, published ownership information must comply with minimum requirements. The recorded beneficial owners must be the natural human beings who have the right to enjoy ownership or the rewards flowing from ownership of the entity, as prescribed by anti-money laundering standards.[89]

For this purpose, trusts, foundations, partnerships, limited liability corporations and other legal persons do not count as beneficial owners. Different percentage thresholds of control or ownership applied in the definition of the beneficial owner are disregarded in this indicator as long as the definition and threshold of a beneficial owner is the same or stricter than the requirements of the Financial

[88] We believe online accessibility for free is a reasonable requirement given a) the prevalence of the internet, b) as international financial flows are now completely relying on the use of 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.

[89] FATF defines beneficial owners as the "natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement." See page 118 in Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*.

Table 3.14. Scoring Matrix: Transparency of partnerships with limited liability

Regulation [Secrecy Score: 100 points= full secrecy; 0 points = full transparency]	**Online for free in a format which can be easily copied**	**Online for free, but not in a format which can be easily copied**	**Online at small cost** [ie up to US$10, €10 or £10]
Component 1: Ownership / Partners' Identities (50 points)			
Incomplete Ownership or high cost Limited partnerships do not always publish online updated and complete ownership information about all partners (including legal entities which are partners) for a cost of up to US$10, €10 or £10, or unknown.	50		
Complete beneficial ownership All types of limited partnerships are publishing online updated and complete beneficial ownership information about all partners (including legal entities which are partners) or partnerships with limited liability cannot be legally created.	0	15	25
Component 2: Accounts (50 points)			
Accounts are not always available online at small cost Limited partnerships do not always publish their annual accounts online for a cost of up to US$10, €10 or £10, or unknown.	50		
Accounts are always available online All types of limited partnerships file their annual accounts and publish them online, or partnerships with limited liability cannot be legally created.	0	12.5	25

Action Task Force (FATF) (see the secrecy indicator on beneficial ownership of companies).[90]

For published ownership information to be considered updated, the relevant data should be updated at least annually. For ownership information to be considered complete, it needs to comprise specific minimal elements. It should include:

1. the full names of all beneficial owners of the partnership, where a beneficial owner is identified in line with or stronger than the requirements of the Financial Action Task Force; and for each beneficial owner:
2. full address, or passport ID-number, or year and month of birth, or a Taxpayer Identification Number (TIN).

[90] The recommendations of the international anti-money laundering agency Financial Action Task Force (FATF) apply a minimum floor of control or ownership of 'more than 25%' of the company in the definition of a beneficial owner (BO) of a company or similar entity. Under these rules, a natural person who directly or indirectly owns or controls 25% or less of a company's shares would not be identified as BO. Four members of one family are able to frustrate this BO registration threshold if each holds 25% of the shares.

If this data is available online but there is a cost to access it, the secrecy score will be reduced but not to zero. To obtain a zero secrecy score, this data needs to be accessible online for free and in format which can be easily copied (see Table 3.14 above). This means that search mechanisms in which the information was not available in a format which is easily copied (for instance, a non-searchable PDF), received a worse score.

Even if the cost per record is low, it can be prohibitively expensive to effectively analyse the data depending on the format in which it is made available. Access costs create substantial hurdles for conducting real time network analyses, for constructing cross-references between companies and jurisdictions. Furthermore, complex payment or user-registration arrangements for accessing the data (eg registration of bank account, requirement of a local identification number, requirement of a copy of passport or sending of hard-copy mails) should not be required.[91]

We performed a random search on each of the relevant corporate registries to ensure that the information is effectively available and that technical problems do not persistently block access.

This first component of this secrecy indicator draws information mainly from six types of sources: first, the Global Forum peer reviews[92] have been analysed to find out what sort of ownership information partnerships must register and update with a government agency. A governmental authority is defined as including "corporate registries, regulatory authorities, tax authorities and authorities to which publicly traded companies report"[93] and is used interchangeably here with "government agency" or "public institution".

Second, FATF mutual evaluation reports[94]. Third, where doubts or data gaps existed, and to the extent this was possible, we have directly analysed domestic legislation that implements beneficial ownership registration. Given that many countries are still regulating beneficial ownership registration and some of these new laws have not yet been assessed by either the Global Forum or the FATF, the Financial Secrecy Index team has assessed the laws directly, to the extent capacity and language permitted, and has relied on comments by local experts. It is possible that these assessments may change after the Global Forum or FATF conduct an in-depth review of these new laws.

The fourth source was private sector websites (Big Four accountancy firms website, etc.); and the fifth, the results of the Tax Justice Network's surveys.[95]

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[91] 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.

[92] 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. They can be viewed at: Global Forum on Transparency and Exchange of Information for Tax Purposes. *Exchange of Information Portal*. URL: http://www.eoi-tax.org [Visited on 07/04/2022].

[93] OECD, *Tax Co-operation 2010*.

[94] We used the latest available country reports for our analysis.

[95] Tax Justice Network, *TJN Surveys*.

Sixth, where the above sources indicated that beneficial ownership information of limited partners and of partners that are legal entities is recorded by a government agency and may be made available online, we have searched for this information on the corresponding websites.

Component 2: Accounts (50 points)

The second component of this indicator reviews the online availability of annual accounts of limited partnerships. If a jurisdiction requires all limited partnerships to publish their annual accounts online for free and in an accessible format from which data can be easily copied, it obtains a zero secrecy score. In case the information is available for free but in a non accessible format (eg a pdf from which data cannot be copied or used for data analysis), the jurisdiction obtains a 12.5 points of secrecy score. If the information is available online at a maximum cost of US$ 10, €10 or £10, a 25 points of secrecy score is given. Finally, in case a jurisdiction does not require all limited partnerships to submit and publish their accounts online, a 50 points of secrecy score is due. If any exceptions are allowed for certain types of limited partnerships, we assume that anyone intending to conceal information from public view will simply opt for these types of limited partnerships where no accounts need to be published or prepared.

A precondition for a reduction in the secrecy score is that all available types of limited partnerships are required to keep accounting records and underlying documentation in the jurisdiction. Moreover, to obtain a zero secrecy score, the data must be 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.

We have drawn this information from five principal sources. First, the Global Forum peer reviews[96] have been used to find out whether a limited partnership's financial statements are required to be submitted to a government authority and if reliable accounting records need to be kept by the company. Second, private sector internet sources have been consulted (Big four accountancy websites, etc.). Third, results of the Tax Justice Network's surveys[97] have been included. Fourth, in cases where the previous sources indicated that annual accounts are submitted and/or available online, the corresponding registry websites have been consulted and a random search has been performed to verify whether the information is effectively available online (see component I above for details).

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[96] 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, among others, to the requirement to keep underlying documentation as well as to the retention period for keeping accounting records. The reports can be viewed at: Global Forum on Transparency and Exchange of Information for Tax Purposes, *Exchange of Information Portal*.

[97] Tax Justice Network, *TJN Surveys*.

Following the weakest link principle[98] for our Financial Secrecy Index research, a precondition for reducing the secrecy score in this component is that all available types of limited partnerships 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 limited partnerships, we assume that anyone intending to conceal information from public view will simply opt for limited partnerships types where information can be omitted.

3.7.2 Why is this important?

When a jurisdiction allows limited partnerships to be formed without requiring all of their partners – including their legal entity partners – to record their beneficial ownership information, the scope for domestic and foreign law enforcement agencies to look behind the corporate veil[99] is highly restricted. Absence of beneficial ownership information obstructs law enforcement and allows tax dodgers and money launderers to remain anonymous. In some jurisdictions, limited partners are not required to register, yet they are allowed to influence important management decisions, leaving the limited partnership vulnerable to misuse for illicit purposes. Where a limited partnership is not required to register the beneficial ownership of its legal partners and its legal entities' partners, the proceeds of bribery and corruption can be hidden and transferred by the partners via the limited partnership.

If ownership information is held secretly on a government database without public access, there is little likelihood of appropriate checks being undertaken to ensure that the registry adequately performs its task of collecting and regularly updating beneficial ownership information. It is third-party use that is likely to allow the scrutiny and create the pressure to ensure compliance. In a global setting of fierce regulatory and tax races to the bottom[100] in the hope of attracting capital, the likely outcome of this scenario would be registries that are not diligently maintained, containing information that is outdated or non-existent.

This does not mean that we demand that everybody must put his or her identity online for everybody else to view. Limited liability is a privilege conferred by society at large. In exchange, society can legitimately require as a very minimum that ownership identity is made publicly available as a safeguard for the functioning of markets and the rule of law. If someone prefers to keep her financial dealings and identity confidential, she can dispense with opting for a

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[98] The "weakest link" research principle is used synonymously with "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.

[99] OECD. *Behind the Corporate Veil: Using Corporate Entities for Illicit Purposes*. Tech. rep. 2001. URL: https://www.oecd.org/en/publications/behind-the-corporate-veil_9789264195608-en.html [Visited on 06/05/2022].

[100] Tax Justice Network. *What Is Tax Competition?* URL: https : / / www . taxjustice . net / faq / tax - competition/ [Visited on 08/05/2022].

limited partnership entity and deal in her own name, and/or through a general partnership instead. In such a case, personal identity information might not be required to be revealed online and thus the link between an individual and a business ownership could remain confidential.

Regarding accounts, access to timely and accurate annual accounts is crucial for every limited partnership for a variety of reasons. First, accounts allow business and trading partners as well as clients to assess potential risks they face in trading with limited partnerships. This risk appraisal can only happen when accounts are available for public scrutiny. Second, in an era of financial globalisation, financial regulators, anti-money laundering agencies and tax authorities need to be in a position to assess the cross-border implications of the activities of limited partnerships. Unhindered access to the limited partnership's accounts empowers regulators and authorities to assess the macro-consequences of the limited partnership undertakings without imposing excessive costs. Such access is likely to deter the partners from misusing the limited partnership for money laundering, tax evasion and other crimes. Third, no limited partnership can be considered accountable to the communities where it is licensed to operate and where its partners enjoy the privilege of limited liability unless it places its accounts on public record.

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 3.15. Assessment Logic: Transparency of partnerships with limited liability

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
269	Are partnerships with limited liability available?	0: No; 1: Yes.	
477	Does the registration of domestic partnerships with limited liability include information on the beneficial ownership of all partners?	0: No, for some partnerships no beneficial ownership information is recorded; 1: While some beneficial ownership information is always recorded, it is incomplete/not recorded for all partners; 2: Yes, all partnerships require recording of all partners' beneficial ownership.	Integrated assessment of beneficial ownership as per Table 3.14. If all beneficial owners are always registered and updated with all details and made available in easily copied format, 0 points of secrecy score. If beneficial owners are not always registered, or registration is incomplete, or not updated, or not made public against a cost of up to US$10, €10 or £10, 50 points of secrecy score. Eight intermediate scores for partial compliance.
480	Is the update of beneficial ownership information mandatory for all partners?	0: No; 1: Yes.	
484	What information has to be registered for beneficial owners of a partnerships with limited liability?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs are always registered.	
482	Are the beneficial owners of partnerships with limited liability published and available in a public online record for free, or for a cost of up to US$10, €10 or £10?	0: No, information on partners' beneficial owners is not always available online (up to US$10, €10 or £10); 1: COST: Yes, beneficial ownership information about all partners is always online, but only at a cost of up to US$10, €10 or £10; 2:FREE: Yes, beneficial ownership information about all partners is always available online for free, but cannot be easily copied; 3: FREE & EASILY COPIED: Yes, beneficial ownership information about all partners is always available online for free & can be easily copied.	
272	Do partnerships with limited liability have an obligation to keep accounting data?	0: Yes; 1: No.	0: 50 points; only if answers regarding accounting data and submission are not "no": (1: 25 points; 2: 12.5 points; 3: 0 points).
273	Are partnerships with limited liability required to submit annual accounts to a public authority?	0: Yes; 1: No.	

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
274	Are the annual accounts of partnerships with limited liability available on a public online record for free, or for a cost of up to US$10, €10 or £10?	0: No, annual accounts are not always online (up to US$10, €10 or £10); 1: COST: Yes, annual accounts are always online but only at a cost of up to US$10, €10 or £10; 2: FREE: Yes, annual accounts are always online for free, but not easily copied; 3: FREE & EASILY COPIED: Yes, annual accounts are always available online for free & can be easily copied.	

3.8 Transparency of company ownership

3.8.1 What is measured?

This indicator considers whether a jurisdiction requires all available types of companies with limited liability to publish updated beneficial ownership information on public records accessible via the internet.[101] A zero secrecy score can be achieved if beneficial ownership is published for free in a format which can be easily copied. If there are types of companies for which no, incomplete or outdated ownership information is published online, the secrecy score is 100 points. Partial reductions of the secrecy scores can be achieved by making data on beneficial ownership information publicly accessible for a fixed cost not exceeding US$10, €10 or £10. This indicator only assesses companies which are not listed on a public stock exchange.

The secrecy scoring matrix can be found in Table 3.16, and full details of the assessment logic can be found in Table 3.17.

Table 3.16. Scoring Matrix: Transparency of company ownership

Regulation [Secrecy Score: 100 points= full secrecy; 0 points = full transparency]	**Online for free in a format which can be easily copied**	**Online for free, but not in a format which can be easily copied**	**Online at small cost** [i.e. up to US$10, €10 or £10]
Incomplete ownership or high cost Complete and updated ownership information is not always published for a cost of up to US$10, €10 or £10, or unknown.	100		
Beneficial Ownership All companies publish updated and complete beneficial ownership.	0	10	20

To meet a reasonable standard, published ownership information must comply with minimum requirements. The recorded beneficial owners must be the natural human beings who enjoy the right to ownership or the rewards flowing from ownership of the entity, as prescribed by anti-money laundering standards.[102] For

[101] We believe this is a reasonable criterion given a) the prevalence of the internet nowadays, b) as international financial flows are now completely relying on the use of 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. This criterion is informed by the open data movement, according to which all available company registry information, including accounts, should be made available, for free, in open and machine-readable format. For more information about this, see OpenCorporates. *The Open Database Of The Corporate World - Homepage*. URL: https://opencorporates.com/ [Visited on 08/05/2022].

[102] FATF defines beneficial owners as the "natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement." See Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, p.119.

this purpose, trusts, foundations, partnerships, limited liability corporations and other legal persons do not count as beneficial owners. Different percentage thresholds of control or ownership applied in the definition of the beneficial owner are disregarded in this indicator as long as the definition and threshold of a beneficial owner is the same or stronger than the requirements of the Financial Action Task Force (FATF) (see the secrecy indicator on beneficial ownership of companies).[103]

For beneficial ownership information to be considered updated, the relevant data should be updated at least annually. For beneficial ownership information to be considered complete, it needs to comprise specific minimal elements. It should include:

1. the full names of all beneficial owners of the entity, where a beneficial owner is identified in line with or stricter than the requirements of the Financial Action Task Force (FATF); and for each beneficial owner:
2. full address, or passport ID-number, or year and month of birth, or a Taxpayer Identification Number (TIN).

If this data is available online but there is a cost to access it, the secrecy score will be reduced but not to zero. To obtain a zero secrecy score the data must be accessible online for free in a format which can be easily copied.

Even if the cost per record is low, it can be prohibitively expensive to effectively analyse the data depending on the format in which it is made available. For example, access costs create substantial hurdles for conducting real time network analyses, for constructing cross-references between companies and jurisdictions, and for new creative data usages. Furthermore, complex payment or user-registration arrangements for accessing the data (eg registration of bank account, submission of a copy of the passport, requirement of a local identification number or sending of hard copy documents) should not be required.[104]

From this indicator's perspective, a zero secrecy score is granted for a search mechanism in which beneficial ownership information can be freely accessed, in a format that can be easily copied. This means that search mechanisms for which the information is not available in a format which is easily copied (for instance, a non searchable PDF), receives a worse score.

This indicator mainly builds on analysis undertaken in the secrecy indicator on beneficial ownership of companies as regards company ownership registration. If

[103] The recommendations of the international anti-money laundering agency Financial Action Task Force (FATF) apply a minimum floor of control or ownership of 'more than 25%' of the company in the definition of a beneficial owner of a company. Under these rules, a natural person who directly or indirectly owns or controls 25% or less of a company's shares would not be identified as a beneficial owner. Four members of one family are able to frustrate this beneficial owner registration threshold by each holding 25% of the shares.

[104] 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.

that analysis indicated that complete and updated beneficial ownership information is recorded by a government agency and may be made available online, we have searched for this information on the corresponding websites of the company registrars. Therefore, the sources for this indicator are identical to the secrecy indicator on beneficial ownership of companies with the additional sources being the results of the random searches on the respective jurisdiction's online company registry.

The only difference applies to the requirements around the registration of birthdates. Whereas in the secrecy indicator on beneficial ownership of companies, we require the birthdate to be registered, this secrecy indicator only requires the year and month of birth to be disclosed.

Following the weakest link principle[105] which we follow for the purposes of Financial Secrecy Index research, a precondition for reducing the secrecy score in this component 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 (including strict registration/immobilisation of bearer shares). 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 company types where information can be omitted.

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[105] The term "weakest link" research principle is used synonymously with "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.

3.8.2 Why is this important?

The reasoning in favour of public registries of beneficial ownership has been laid out in great detail and through many case studies.[106] The Panama Papers[107] illustrate the abundance of cases where the absence of beneficial ownership information has allowed the abuse of legal entities. In brief, the lack of readily available beneficial ownership information hinders law enforcement and fosters a criminogenic environment. Incentives to break laws are significantly increased when individuals can hide behind anonymity, combined with limited liability.

The value of public beneficial ownership registers was illustrated by the OpenLux investigation,[108] led by Le Monde and journalists from another 17 media outlets, which analysed information available in Luxembourg's beneficial ownership register. Different from previous leaks, which consisted of private information leaked by whistleblowers, the OpenLux investigation scraped and analysed information held in Luxembourg's beneficial ownership register (while it was opened to the public)[109].

The benefits of publicity, however, did not stop at the information that was actually registered. In fact, one of the main merits of the investigation was highlighting the limitations of the current system. As OCCRP showed, the "administrators were listed as UBOs [ultimate beneficial owners] for almost a third of all Luxembourg companies in the register", a number which went to 80% when focusing on the investment fund industry.[110] This result clearly indicates

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[106] For example see: Open Government Partnership. *Germany: Do Not Let 'personal Security' Be the Bait and Switch for Public Accountability*. 2017. URL: https://www.opengovpartnership.org/stories/germany-do-not-let-personal-security-be-the-bait-and-switch-for-public-accountability/ [Visited on 20/04/2022]; Global Witness. *What Does the UK Beneficial Ownership Data Show Us?* 2016. URL: https://en/blog/what-does-uk-beneficial-ownership-data-show-us/ [Visited on 20/04/2022]; Global Witness. *Anonymous Company Owners*. URL: https://www.globalwitness.org/en/campaigns/anonymous-company-owners/ [Visited on 20/04/2022]. These studies provide further detail: Global Witness and Global Financial Integrity. *Chancing It. How Secret Company Ownership Is a Risk to Investors*. Tech. rep. 2016. URL: https://financialtransparency.org/wp-content/uploads/2016/09/04_Investors_report_AW_med_withlinks.pdf [Visited on 15/05/2022]; Global Witness. *Poverty, Corruption and Anonymous Companies: How Hidden Company Ownership Fuels Corruption and Hinders the Fight against Poverty*. Tech. rep. 2014. URL: https://www.globalwitness.org/documents/13071/anonymous_companies_03_2014.pdf [Visited on 03/05/2022]; The B Team. *Ending Anonymous Companies: Tackling Corruption and Promoting Stability Through Beneficial Ownership Transparency. The Business Case*. Tech. rep. 2015. URL: https://drive.google.com/uc?export=download&id=0BwNjrEEVS8DiRi1oa19MQmtNMVk [Visited on 08/05/2022]; Global Witness. *Mystery on Baker Street. Brutal Kazakh Official Linked to £147m London Property Empire*. Tech. rep. July 2015. URL: https://www.globalwitness.org/documents/18036/Mystery_on_baker_street_for_digital_use_FINAL.pdf [Visited on 08/05/2022]; Knobel and Meinzer, *Drilling down to the Real Owners – Part 1. More than 25% of Ownership" & "Unidentified" Beneficial Ownership: Amendments Needed in FATF's Recommendations and in EU's AML Directive*; Andres Knobel and Markus Meinzer. *Drilling down to the Real Owners – Part 2. Don't Forget the Trust: Amendments Needed in FATF's Recommendations and in EU's AML Directive*. June 2016. URL: http://www.taxjustice.net/wp-content/uploads/2016/06/TJN2016_BO-EUAMLD-FATF-Part2-Trusts.pdf [Visited on 03/05/2022].

[107] ICIJ, *The Panama Papers: Exposing the Rogue Offshore Finance Industry*; James O'Donovan et al. 'The Value of Offshore Secrets Evidence from the Panama Papers'. *SSRN Electronic Journal* 2016. URL: https://www.ssrn.com/abstract=2771095 [Visited on 06/05/2022].

[108] Le Monde. 'Après l'affaire « LuxLeaks », Le Luxembourg Modifie Ses Règles Fiscales' Dec. 2016. URL: https://www.lemonde.fr/economie/article/2016/12/27/apres-l-affaire-luxleaks-le-luxembourg-modifie-ses-regles-fiscales_5054561_3234.html [Visited on 23/07/2018].

[109] Given that the registrar did not allow the registered data to be downloaded in its entirety, journalists had to scrape and clean the data.

[110] Antonio Baquero et al. *Shedding Light on Big Secrets in Tiny Luxembourg*. 2020. URL: https://www.occrp.org/en/openlux/shedding-light-on-big-secrets-in-tiny-luxembourg [Visited on 20/04/2022].

that the current framework is not sufficient to guarantee that ownership information is adequately registered. Thus, as we have argued previously, publicity and openness are fundamental to keeping the Registrars accountable, and to evaluate whether institutional frameworks are being effective in achieving their intended purpose.

If ownership information is only held secretly on a government database to which there is no public access, there is little likelihood of appropriate checks being undertaken to ensure that the registry actually collects and regularly updates accurate beneficial ownership information. The reliability, accuracy and timeliness of data availability cannot be checked independently.

In a global setting of fierce regulatory and tax competition for capital, the likely outcome of this scenario would be registries that are not diligently maintained, with outdated or nonexistent data. Without public scrutiny, misleading or fraudulent data entries about the alleged owners of companies become almost impossible to detect until a criminal investigation attempts to reveal the corporate veil of such an entity. At this point, it is too late, the fruits of the crime have been realised, and crime prevention has failed. It is third-party use that is likely to create the pressure to ensure compliance.

Publishing beneficial ownership information online will maximise the deterrent effect of data transparency. In cases where a company has been used for criminal purposes and the real identity of the beneficial owner was falsely recorded in an online directory, board members or other parties responsible for supervising the legal entity should face scrutiny and/or prosecution. This will significantly increase the willingness of all parties to record accurate information.

The information asymmetries resulting from non-public beneficial ownership information also distort markets, for example, in public procurement. Public officials and members of the inner circle of powerful politicians can easily hide behind shell companies. When these companies participate in public tenders and win public contracts, they will benefit behind the scenes, the very same politicians, ministers, or presidents who are responsible for overseeing the public tendering process. As a consequence, public trust in fair market competition and government is eroding.

While the Panama Papers were extraordinary in scale, detail, and impact, these revelations were not the first instance to reveal the problems caused by hidden ownership. The World Bank reported already in 2011 how the proceeds of bribery and corruption can be hidden and transferred by anonymous shell companies:

> Our analysis of 150 grand corruption cases shows that the main type of corporate vehicle used to conceal beneficial ownership is the company

> [...] Companies were used to hide the proceeds of corruption in 128 of the 150 cases of grand corruption reviewed.[111]

In a joint publication of 2011 by the United Nations and the World Bank relating to stolen assets (by embezzlement, bribery, etc.), both argued that company registries should be searchable online:

> Jurisdictions should develop and maintain publicly available registries, such as company registries, land registries, and registries of non-profit organizations. If possible, such registries should be centralised and maintained in electronic and real-time format, so that they are searchable and updated at all times[112]

Another reason for placing the ownership information on a publicly accessible online record is that tax administrations and public prosecutors do not always have the political support and freedom to investigate cases of large-scale tax evasion and big-ticket money laundering. This is well illustrated through the Swiss Leaks[113] investigation into secret bank accounts held at HSBC private bank. While many of the accounts were related to tax evasion and money laundering, it was revealed[114] how some authorities had failed to request access to the data, and some others did not use the information they received to investigate. Some authorities only started to take action after the data had been leaked to the media.

This does not mean that we demand that everybody must put their identity online for others to view. Far from it, if someone prefers to keep their financial dealings and identity confidential, they can opt for a company type that does not require limited liability and deal in their own name instead. In such a case, personal identity information would not be required to be revealed online, and thus the link between an individual and a business ownership would remain confidential.

Limited liability is a privilege conferred by society at large. In exchange, the minimum safeguard it legitimately requires for the functioning of markets and the rule of law is that the identity of owners must be publicly available.

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

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[111] Van der Does de Willebois et al., *The Puppet Masters. How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*, pp.20, 34.

[112] Kevin M. Stephenson et al. *Barriers to Asset Recovery: An Analysis of the Key Barriers and Recommendations for Action*. Washington, DC: World Bank, 2011. URL: https://openknowledge.worldbank.org/handle/10986/2320 [Visited on 08/05/2022], p.93.

[113] Lizzie Dearden. *The HSBC Whistleblower's Email to HMRC Has Been Revealed*. Feb. 2015. URL: https://www.independent.co.uk/news/business/hsbc-leaks-email-from-whistleblower-to-hmrc-proves-authorities-were-told-of-tax-evasion-10043456.html [Visited on 20/04/2022].

[114] Alex Cobham. *#SwissLeaks – Tax Transparency for Accountability*. Feb. 2015. URL: http://uncounted.org/2015/02/09/swissleaks-tax-transparency-accountability/ [Visited on 20/04/2022].

Table 3.17. Assessment Logic: Transparency of company ownership

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
471	Does the registration of domestic companies include beneficial owner's identity information?	0: No. Companies available without recorded beneficial ownership information; 1: Yes, more than 25%. All companies require recording of all beneficial owners at threshold of more than 25% (FATF); 2: Yes, 10%-25%: All companies require recording of all beneficial owners at threshold of more than 10%, up to 25%; 3: Yes, up to 10%. All companies require recording of all beneficial owners at threshold of more than any share/influence, up to 10%; 4: Yes all. All companies require recording of every single natural person with any share/influence ('beneficial owner').	Integrated assessment of beneficial ownership as per Table 3.16. If all beneficial owners are always registered and updated with all details and made available for free and in a format which can be easily copied, 0 points of secrecy score. If beneficial owners are not always registered, or registration is incomplete, or not updated, or not made public against a cost of up to US$10, €10 or £10, 100 points of secrecy score. Eight intermediate scores apply for partial compliance.
473	Is the update of information on the identity of beneficial owners mandatory?	0: No; 1: No, because bearer shares are available/circulating/not registered with a public authority (see below); 2: Yes.	
485	What information has to be registered for beneficial owners of companies?	0: Only the names are always registered; 1: Only names and countries of residence are always registered; 2: All names plus countries of residence plus either addresses or TINs or birthdates, passport or personal IDs, or incorporation numbers are always registered.	
474	Are the beneficial owners of companies with limited liability published and available in a public online record for free, or for a cost of up to US$10, €10 or £10?	0: No, beneficial ownership is not always available online (up to US$10, €10 or £10); 1: COST: Yes, beneficial ownership is always available but only at a cost of up to US$10, €10 or £10; 2: FREE: Yes, beneficial ownership is always available for free, but cannot be easily copied; 3: FREE & EASILY COPIED: Yes, beneficial ownership is always available for free & can be easily copied.	

3.9 Transparency of company accounts

3.9.1 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 either at a maximum cost of US$10, €10 or £10 or for free and/or in an accessible format from which the data can be easily copied.[115]

The secrecy scoring matrix is shown in Table 3.18, with full details of the assessment logic given in Table 3.19.

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 annual accounts are available online for free, the secrecy score will be further reduced to 25 points. Even if the cost per record is low, it can be prohibitively expensive to import 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.[116]

To obtain a zero secrecy score, this data needs to be accessible online for free and in a fully downloadable format which can be easily copied and pasted and the pasted text is clear and usable (eg XLS, XBRL and XML).If accounts are available for example, only in pdf, we consider the data cannot be easily copied and analysed.

As a prerequisite for assessing the online accessibility of the accounts, the following conditions should apply for all available types of companies with limited liability - including small companies[117]: 1) accounting records, including underlying documentation, should be kept for a period of at least five years; 2) the accounts

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[115] We believe online accessibility for free is a reasonable requirement given a) the prevalence of the internet in 2025 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.

[116] 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.

[117] 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, focusing not only on tax avoidance by multinational companies but also on 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 within the Financial Secrecy Index

Table 3.18. Scoring Matrix: Transparency of company accounts

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Not online (even at small cost) or only online for large companies Companies do not always publish their annual accounts online for a cost of up to US$10, €10 or £10, or they only publish them for large companies; 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

should be annually submitted to a public authority; and 3) the accounting records must be kept by the company inside the jurisdiction where it is registered. 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. The third precondition is required because if the accounts are kept outside the jurisdiction, it is much more difficult - and sometimes even impossible - to enforce the other two preconditions.

Once the preconditions above are met for a certain jurisdiction, we perform a random search of the relevant corporate registry to ensure that the accounts are effectively available online and that technical problems do not persistently block access.

In line with the weakest link principle[118] underlying the research for the Financial Secrecy Index, we consider that the accounts are available only if all available types of companies are required to publish the relevant information online and

[118] 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.

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 for which these requirements do not apply.

We have drawn the information for this indicator from four principal sources. First, the Global Forum peer reviews[119] 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 for at least five years by the company in the jurisdiction. Second, private sector internet sources have been consulted. Third, results of the Tax Justice Network's surveys have been included.[120] Fourth, in cases we conclude that the above preconditions apply, the corresponding company registry websites have been consulted to confirm that the accounts are indeed available online for all companies.

3.9.2 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 and 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, 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

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[119] 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: OECD, *Global Forum on Transparency and Exchange of Information for Tax Purposes*.

[120] Tax Justice Network, *TJN Surveys*.

publish accounts on public record. 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 requirement of full country-by-country reporting standard (for more information see secrecy indicator on public country by country reporting).

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 3.19. Assessment Logic: Transparency of company accounts

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
188	Do companies have an obligation to keep accounting data?	0: No; 1: Yes.	0: 100 1: See below
189	Are companies required to submit their annual accounts 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 the annual accounts of companies available on a public online record for free, or for a maximum cost of 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; 4: FREE & EASILY COPIED FOR LARGE COMPANIES: Yes, company accounts are always online for free & can be easily copied (except for small companies).	0 or 4: 100 1: 50 2: 25 3: 0 (only if answer to ID 188 is not 0 and answer to ID 189 is not 0 or 1)

3.10 Public country by country reporting

3.10.1 What is measured?

This indicator measures whether multinational companies listed on the stock exchange or with parent companies incorporated in a given jurisdiction are required to publicly disclose financial reporting data about their global activities on a country by country reporting basis. Country by country reporting regimes come in different sizes and flavours. The focus in this indicator is on those regimes that require public disclosure of reports. There are divergences even among these public disclosure regimes. Some countries apply regimes that only cover specific sectors or that require only limited information to be disclosed on activities in other countries. Other regimes apply to all companies but limit the country activity coverage due in the reports.

In principle, any country could require all companies incorporated and operating under its laws (including subsidiaries, branches and holding companies) to disclose a report with the relevant information about the multinational company's global activity on a country by country basis. Appropriate reporting requirements can be implemented by a legal or regulatory provision enacted by the competent regulatory or legislative body.

This indicator measures the extent to which countries have enacted public country by country reporting rules. A zero score can be achieved when public country by country is required by all multinational companies (or at least all very large multinationals with consolidated turnover above a certain threshold) and the financial information to be reported is comprehensive (ie of a 'high or medium information standard' - see Table 3.20 for a summary of how we set these definitions) and with full geographical disaggregation, meaning that the information is reported country by country for each country of activity. As of yet, no country has adopted such a regime.

If a jurisdiction does not require public country by country reporting for any corporation in any sector, or requires only one-off reporting (such as for the initial company listing on a stock exchange) the score is the maximum of 100 points. Jurisdictions that require annual public country by country reporting with only incomplete disclosures or partial disclosure for single data points, such as disclosures only for tax payments but not profit and losses before tax or not for employees or tangible assets (ie 'low information standard') receive a score of 90 points. A score of 50 can be achieved by requiring either all multinational companies active in certain sectors to annually report comprehensive information specified per country of activity (regardless of local incorporation) or by requiring all multinational companies (of all sectors) to annually report comprehensive information (ie 'high or medium information standard') on all activities performed by local group companies but with limited geographical disaggregation. The disaggregation is considered limited if the rules allow, for example, the reporting of aggregated group company information for certain groups of countries of

Table 3.20. Public country by country reporting: regime information standard

		Low information standard	Medium information standard	High information standard
Basic info	Receiving jurisdiction	✓	✓	✓
	Name of entities	x	x	✓
	Description of activities	x	✓	✓
Financial data	Revenue	x	✓	✓
	Revenues from third party sales	x	x	✓
	Revenues from intra-group sales	x	x	✓
	Profit or loss before tax	x	✓	✓
	Tangible assets other than cash	x	x	✓
	Number of employees	x	✓	✓
Tax data	Income tax paid	✓	✓	✓
	Income tax charged	x	✓	✓
	Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.	x	x	✓

activity. Although regimes that apply to any multinational corporation regardless of its size are preferable, the use of a minimum aggregate revenue threshold in cases where a reporting regime only applies to multinationals above a certain size is tolerated.

If a country has adopted more than one regime that imposes public country by country reporting (like a general regime that applies to all companies and a specific regime with different features that applies only to a specific economic sector), the regime with the lowest score determines the country's score for this indicator. The relevant available regimes for each country are collected under ID 1003, available in each country's profile on the Financial Secrecy Index website.

For an overview of all data fields included in various country by country information reporting standards, please refer to Annex A.

The scoring matrix is shown in Table 3.21, with full details of the assessment logic presented in Table 3.22.

Table 3.21. Scoring Matrix: Public country by country reporting

Regulation	Secrecy Score Assessment [100 = maximum risk; 0 = minimum risk]
No annual public reporting No annual public country by country reporting required for any corporations in any sector or only one-off reporting requirements (eg in the extractive industries when a company is initially listed).	100
Annual public reporting at low information standard Public country by country reporting required for corporations in certain or all sectors, but low standard information disclosure (eg only tax payments).	90
Annual public reporting at medium or high information standard but for limited sectors only Annual public country by country reporting at a medium or high standard of information is required for companies active in a specific sectors (eg banking), with or without full geographical disaggregation. **OR** **Annual public reporting at medium or high information standard for all sectors but without full individual country coverage** Annual public country by country reporting at a medium or high standard of information is required for all (very large) companies, but with limited geographical disaggregation.	50
Full reporting Full annual public country by country reporting required for all companies (or at least for those listed or for all above €750m turnover) of all sectors at a medium or high standard of information and with full geographical disaggregation.	0

3.10.2 Why is this important?

Country by country reporting helps to remove the veil of secrecy from the operations of multinational companies, which is why it has faced fierce opposition.[121] Corporate tax returns are secret which means that it is almost impossible to discover what multinational companies are doing or how much tax they are effectively paying in the countries in which they are active. Countries with local multinational presence may be aware what the local subsidiary of the multinational is doing but do not have access to the global picture of the multinational's activities, including the internal dealings of the local company with other group companies and how these dealings impact the local tax base. This opacity helps multinationals to minimise their global tax rates without being successfully challenged anywhere. Large-scale tax restructuring involves shifting profits to low-tax jurisdictions and costs to higher-tax countries, often those where the group's effective economic activities are located.

[121] Markus Meinzer and Christoph Trautvetter. *Accounting (f)or Tax: The Global Battle for Corporate Transparency*. Tech. rep. 2018. URL: https : / / www . taxjustice . net / wp - content / uploads / 2018 / 04 / MeinzerTrautvetter2018-AccountingTaxCBCR.pdf [Visited on 07/05/2022].

Profit shifting and other forms of multinational company tax avoidance is largely done through aggressive transfer pricing which involves internal transactions like debt financing (thin capitalisation), reinsurance operations, or artificial relocation and monetisation of the group's intangible property. These transactions take place within a multinational company, that is, between the different parts of a group of related companies. The result of these practices is that corporate profits are 'misaligned', meaning that the share of profits reported in a country is not in line with the share of economic activity reported in the respective country.

Today's financial reporting standards allow such intra-group transactions to be consolidated with normal third-party trade in the annual financial statements. Because of this, corporate misalignment of profits and a multinational company's international tax planning strategy and overall effective tax rate is effectively hidden from view.

Corporate tax avoidance causes countries and their citizens to forego significant amounts of tax revenue.[122] The lack of transparency also makes it difficult for policymakers to quantify the profit-shifting problem, which is needed to develop adequate solutions.

Public country by country reporting not only can help map tax avoidance and corporate misalignment for the sake of developing proper anti-avoidance action, but can also underpin a general overhaul of the way profits by multinational companies are divided among countries. Replacing the arm's length principle and the current transfer pricing regime for intra-group dealings with a system of unitary taxation (UT) with formulary apportionment (FA) based on country by country reports would go a long way towards eradicating both tax avoidance and corporate misalignment.[123]

However, countries (and their tax authorities) are not the only relevant stakeholders with a vested interest in public disclosure of multinationals' country by country reports. Public disclosure would also allow investors, trading partners, financial regulators, civil society organisations, and consumers to make better informed decisions. Civil society, for example, does not have access to reliable information about a multinational company's tax bill in a given country in order to question a company's policies on tax and corporate social responsibility, thereby exposing multinationals to reputational risk and preventing citizens to make informed consumption choices.[124] Evidence furthermore suggests that routine

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[122] The Tax Justice Network estimates that multinationals are shifting USD 1.42 trillion of profits per year, totalling a corresponding global tax revenue loss of about USD 348 billion. Tax Justice Network, *State of Tax Justice 2024*.

[123] Reuven Avi-Yonah. 'Should Country-by-Country Reporting Be Public?' *Tax Notes International*, 117(7) Feb. 2025, pp. 1097–1105. URL: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5164345.

[124] For examples of reports elaborated on data from mandatory disclosures made by extractive companies in the European Union, see Transparency International EU. *Under the Surface: Looking into Payments by Oil, Gas and Mining Companies to Governments*. Oct. 2018. URL: https://api.eiti.org/sites/default/files/attachments/under-the-surface_full_report1.pdf [Visited on 23/09/2024] and Lisa Lee et al. *Buried Treasure: The Wealth Australian Mining Companies Hide around the World*. Tech. rep. Oxfam Australia; Tax Justice Network Australia; Uniting Church in Australia, July 2019. URL: https://apo.org.au/node/250226 [Visited on 18/09/2024].

public scrutiny of country by country reports by researchers and media can result in a tangible deterrent effect on profit shifting.[125]

Furthermore, public country by country reporting can also resolve what has been dubbed the 'ESG paradox'. The push for ESG (Environmental, Social and Governance) goals comes from the belief that the government is incapable of fulfilling its responsibility of achieving environmental, social and governance goals alone, and that multinationals and ESG-minded investors are in the best position to help. However, it is the underpayment of taxes by these same multinationals and ESG champions which causes tax revenue shortfalls and governments' struggle to adopt suitable public policies that would make ESG redundant. Tax behaviour is currently not part of the current ESG metrics to measure multionationals' contributions to social and sustainability goals. Public country by country reporting can break this vicious circle in which tax avoidance proliferates and government's ability to champion ESG goals diminishes.[126][127]

To bridge this information void and because "sunshine is the best disinfectant", the Tax Justice Network has, since 2003, consistently advocated for public country by country reporting and was the first in doing so. Implementation of the standards in the Tax Justice Network's proposal for public country by country reporting from 2010[128] would ensure comprehensive information on multinational corporate activities is in the public domain for different stakeholders. The proposal requires multinational companies of all sectors, listed and non-listed, to annually disclose certain items of information for each individual country in which they operate, known for the purpose of this indicator as the 'medium standard of information'. This medium standard of information comprises (at least) the following items of information, individualised per country of activity:

a) Sales, split by intra-group and third party,

b) Purchases, split the same way,

c) Financing costs, split the same way,

d) Pre-tax profit,

e) Labour costs and number of employees.

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[125] In a paper published in 2021, economists at the University of Cologne investigated the impact of introducing public country by country reporting in the banking sector on tax ratios by banks. Their findings spanning 2010 to 2016 suggest that banks affected by public country by country reporting significantly increased their tax payments compared to non-affected banks. This effect was stronger for banks with tax haven operations. Michael Overesch and Hubertus Wolff. 'Financial Transparency to the Rescue: Effects of Country-by-Country Reporting in the EU Banking Sector on Tax Avoidance'. *Contemporary Accounting Research*, 38(3) Jan. 2021, pp. 1616–1642. URL: https : / / onlinelibrary . wiley . com/doi/10.1111/1911-3846.12669 [Visited on 13/05/2022].

[126] Danielle A. Chaim and Gideon Parchomovsky. 'The Missing" T" in ESG'. *Vanderbilt Law Review*, 77(3) Apr. 2024, pp. 789–838. URL: https://scholarship.law.vanderbilt.edu/cgi/viewcontent.cgi?article=4917&context=vlr.

[127] Reuven Avi-Yonah. 'ESG Irony: Why Corporate Tax Avoidance Must Be Considered'. *Tax Notes International*, 117(5) Feb. 2025, pp. 739–756. URL: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5158536.

[128] Tax Research UK and Tax Justice Network. *Country-by-Country Reporting*. Research Briefing. 2010. URL: http://www.taxresearch.org.uk/Documents/CBC.pdf [Visited on 08/05/2022].

In addition, the cost and net book value of its physical fixed assets, the gross and net assets, the tax charged, actual tax payments, tax liabilities and deferred tax liabilities would be published on a country by country basis.

Other organisations have subsequently built on and refined the Tax Justice Network's public country by country reporting proposals. In December 2019, the Global Reporting Initiative (GRI) - an independent organisation that provides a widely recognised framework for sustainability reporting - published its standard for multinational's public reporting on tax (known as GRI 207-4: 2019[129]). Full public disclosure of comprehensive country by country reports is one of four elements of the tax reporting standard.[130] Like the Tax Justice Network's proposal, in 2010, the Global Reporting Initiative standard also requires country by country reporting to apply to multinationals in all sectors and information to be reported per country of operation. The breadth of information to be reported under the Global Reporting Initiative is slightly wider, though, than the Tax Justice Network's initial proposal. For example, under the GRI 207 standard, multinationals also need to report per country on the "reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax."[131]

For the purpose of this indicator, public country by country reporting regimes like those under the initial pioneering Tax Justice Network proposal and Global Reporting Initiative standards are considered regimes that implement a 'medium standard of information'. If the regime also requires reporting on reasons of varying effective tax rates, it is considered a regime with a 'high standard of information'.

This indicator only focuses on public country by country regimes. Under the Base Erosion and Profit Shifting (BEPS) project, the OECD has attempted to solve the transparency problem by developing a country by country reporting regime that relies on information sharing between governments but without public disclosure of information. In line with the recommendations under BEPS Action 13, many member countries of the OECD/G20 Inclusive Framework on BEPS have adopted domestic legislation that requires local parent entities of large multinationals to file an annual country by country report in its jurisdiction.[132] The information is reported at the medium information standard. In line with the BEPS Action 13 recommendations, countries have also been signing agreements for the automatic exchange of country by country reports. Such agreements are needed to compel the country where the report is filed by the parent company to share it with other countries where the multinational company is present.

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[129] Global Reporting Initiative. *GRI 207: Tax 2019*. Dec. 2019. URL: https://www.globalreporting.org/pdf.ashx?id=12434 [Visited on 07/05/2022].

[130] Global Reporting Initiative, *GRI 207*.

[131] Global Reporting Initiative, *GRI 207*, Section 207-4-b-x at p.14.

[132] OECD. *Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report*. OECD/G20 Base Erosion and Profit Shifting Project. OECD Publishing, Oct. 2015. URL: http://www.oecd-ilibrary.org/taxation/transfer-pricing-documentation-and-country-by-country-reporting-action-13-2015-final-report_9789264241480-en [Visited on 06/05/2022].

Various problems exist with the OECD's country by country reporting regime, besides its lack of public disclosure of the reports. First, several low-income countries, predominantly countries not covered by the Index, do not have the necessary treaties in place or are unable to comply with the imposed standards required to participate in automatic exchange of information. This means that these countries will not receive information on the global activities of the multinationals active in their country, even though the information is available and on file in the parent jurisdiction.[133]

Second, if countries do sign up to the automatic exchange of the reports, parent entity jurisdictions remain in control as they are allowed to suspend exchanges if the recipient country does not meet the OECD's proclaimed standards of confidentiality, consistency and appropriate use of country by country reports. Using the reports for proposing changes to transfer prices or adjusting a taxpayer's income using global formulary apportionment is furthermore explicitly outlawed by the OECD as an inappropriate use of country by country reports.[134] This prohibition is inconsistent with most other forms of exchange of information which can be relied on directly to enforce tax laws. This restriction on the use of CbCR data drastically reduces the usefulness of the OECD's regime. With the release of the 'GloBE Transitional CbCR Safe Harbour' regime in 2022 the OECD has, however, itself admitted to the usefulness of country by country reporting data to determine multinationals' tax liabilities, something previously considered inappropriate.[135]

Third, while the OECD's country by country reporting regime is not a public regime, the OECD does make publicly available a selection of anonymised and aggregated country by country data. This disclosure could in theory help identifying tax avoidance and corporate misalignment, but in practice this disclosure is less helpful than may appear at first sight. Not only is the data aggregated and thereby potentially masks tax and other anomalies by individual multinationals, the data is also updated less frequently than it could be and is impaired by serious data limitations. Most importantly, reporting countries can opt out of having the data in locally filed country by country reports used for aggregate data publication.[136] Several important headquarter countries have done

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[133] This is especially the case for many African countries. Only 27 out of the 54 countries of Africa are member of the Inclusive Framework on BEPS. Of those 27 countries, only 8 countries are currently participating in the exchange of information of country by country reports. The remaining 46 countries of Africa have no access to this kind of information regarding locally active multinational companies. OECD. *Compare Your Country: Tax Co-Operation*. URL: https://www.compareyourcountry.org/tax-cooperation/en/2/631/default [Visited on 03/09/2024].

[134] OECD. *BEPS Action 13 on Country-by-Country Reporting - Guidance on the Appropriate Use of Information Contained in Country-by-Country Reports*. Tech. rep. Sept. 2017. URL: http://www.oecd.org/ctp/beps/beps-action-13-on-country-by-country-reporting-appropriate-use-of-information-in-CbC-reports.pdf [Visited on 23/09/2024], Paragraph 6.

[135] OECD. *Safe Harbours and Penalty Relief: Global Anti-Base Erosion Rules (Pillar Two)*. Dec. 2022. URL: https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-minimum-tax/safe-harbours-and-penalty-relief-global-anti-base-erosion-rules-pillar-two.pdf [Visited on 23/09/2024].

[136] OECD. *Corporate Tax Statistics 2024*. Tech. rep. July 2024. URL: https://www.oecd.org/en/publications/corporate-tax-statistics-2024_9c27d6e8-en/full-report.html [Visited on 25/05/2025].

so, and this is especially harmful to low-income countries. For example, as of mid 2024, Vietnam has not been able to sign up to the automatic exchange of country by country reports filed by foreign multinationals with activities in the country. Vietnam's most significant foreign headquarter country, South Korea, is one of the many countries that has opted against submitting aggregated country by country statistics.[137] As such, Vietnam has no access to information on locally active foreign multinationals, which is detrimental to the country's ability to adequately reshape its corporate tax rules in light of recent international developments. For more on countries' statistical reporting of country by country reporting data, see the secrecy indicator on public statistics (ID 434).

Countries can overcome the failures of the OECD's confidential country by country reporting regime by adopting a public reporting regime. One upshot of the widely adopted OECD regime is the fact that it renders moot the claim against public reporting that the compliance costs of such a regime are high. Companies are already held to report the information. As such, public disclosure comes at zero extra cost. Also the argument the claim that public reporting involves the disclosure of confidential information is unconvincing. The information in country by country report typically does not include trade, business or other secrets.[138]

For the past few years, public country by country reporting is no longer merely an aspirational goal. It has become part of the law of the land in a growing number of countries. In November 2021, the European Union adopted Directive 2021/2101 imposing public country by country reporting on very large multinationals headquartered in the EU.[139] In early 2025, the Directive was transposed in all EU member countries. Reporting started for financial years beginning after 21 June 2024.

While the EU regime has a wide scope of application, it requires only a medium standard of information reporting. For example, no disclosure of reasons for divergent effective tax rates is required under the Directive. The EU regime also does not require full disaggregation. Only activities by the multinational in other EU countries and in listed 'non-cooperative jurisdictions' need to be reported on a country by country basis. Information on activities in other countries has to be reported on an aggregated basis. This is a serious restriction of the effectiveness of the Directive's reporting regime.[140] Australia is another example of a country

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[137] See OECD. *Country-by-Country Reporting – Compilation of 2022 Peer Review Reports. Inclusive Framework on BEPS: Action 13*. Tech. rep. Oct. 2022. URL: https : / / doi . org / 10 . 1787 / 5ea2ba65 - en [Visited on 18/09/2024], p.219 and OECD. *Corporate Tax Statistics 2023 - Country-by-country Reporting Statistics*. Tech. rep. 2023. URL: https://doi.org/10.1787/f1f07219-en [Visited on 18/09/2024], p.52. The peer review report urges Vietnam to sign up to exchange of information instruments whereas a similar peer recommendation is not imposed on South Korea urging the country to provide statistical data.

[138] R. Avi-Yonah, 'Should Country-by-Country Reporting Be Public?'

[139] European Union. *Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 Amending Directive 2013/34/EU as Regards Disclosure of Income Tax Information by Certain Undertakings and Branches (Text with EEA Relevance)*. Nov. 2021. URL: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021L2101 [Visited on 18/09/2024].

[140] While not affecting individual EU countries' score for the purpose of the indicator, the widespread use of certain optional clauses in the national transposition of the Directive is further watering down the effectiveness of the regime. Examples of these opt outs are the safeguard proviso for allowing

that has recently implemented a comprehensive public country by country regime along the lines of the standards suggested by the Tax Justice Network and Global Reporting Initiative. The Australian Public Country By Country Reporting Law was approved by the Parliament of Australia in November 2024. The new reporting regime entered into force on 1 January 2025.[141] Under the new regime, a multinational company with subsidiaries in Australia is required to publish country-by-country information of the multinational's activities at a high standard, which means they are also required to disclose reasons for divergent effective tax rates in particular countries. This requirement is in line with the GRI 207-4 standard but goes beyond what is required under the public country by country reporting regime currently in force in the EU. Full geographical disaggregation of the information is not required, however. Like in the EU, the Australian regime only requires disaggregation of information in relation to listed countries. The list mostly contains countries that are considered tax havens from an Australian perspective.[142]

Another approach followed is the creation of country by country reporting rules that apply only to certain sectors of the economy or in relation to certain economic activities. One example of this narrower approach is derived from the reporting standard developed by the Extractive Industries Transparency Initiative (EITI). The EITI Standard is implemented by more than 50 countries around the world. EITI member countries commit to annually disclose information on payments and government revenues received from the extractive industries companies active in their countries.[143]

Separate from the EITI standard, a number of countries have implemented narrow country by country reporting regimes that apply only to multinationals active in the extractive industries. The information reporting obligation under these regimes is similar to the disclosure requirement taken on by countries under the EITI standard: in-scope multinationals are obliged to disclose "material

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companies to temporarily exclude certain commercially sensitive information from the country by country report, the lack of compulsory publication of the report on the company's website if published in a public online register and the omission of a penalty regime to sanction non-compliance with the reporting. SeeEuropean Union, *EU Directive 2021/2101*, Article 48c(6), and PWC. *EU Public Country-by-Country Reporting Tracker*. Apr. 2024. URL: https://www.pwc.com/gx/en/tax/pcbcr/pwc-pcbcr-tracker-full-data.pdf [Visited on 30/06/2024].

[141] *Australia: Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Act 2024 No. 138, 2024 (Public CbCR Law)*. Nov. 2024. URL: https://www.ato.gov.au/law/view/pdf/acts/20240138.pdf.

[142] For the list of countries that require dissagregation of information under the Australian public country by country reporting regime, see https://www.legislation.gov.au/F2024L01713/asmade/text (version of 12 December 2024)

[143] The EITI Standard (2023) Requirement 4 on revenue collection, requires "comprehensive disclosure of company payments and government revenues from the extractive industries". The EITI Requirements related to revenue collection include: (4.1) comprehensive disclosure of taxes and revenues; (4.2) sale of the state's share of production or other revenues collected in kind; (4.3) infrastructure provisions and barter arrangements; (4.4) transportation revenues; (4.5) SOE transactions; (4.6) subnational payments; (4.7) level of disaggregation; (4.8) data timeliness; and (4.9) data quality of the disclosures. Revenue streams include the host government's production entitlement (eg profit oil), national state-owned enterprise's production entitlement, profit taxes, royalties, dividends, bonuses, licence and associated concession fees, and any other significant payments/material benefit to government. EITI. *The EITI Standard 2023*. June 2023. URL: https://eiti.org/sites/default/files/2024-04/2023%20EITI%20Standard_Parts1-2-3.pdf [Visited on 23/09/2024].

payments" to governments on a country by country basis. This usually includes payments like mining royalties, mining dividends, production entitlements and taxes paid to the local government but not information on company sales, employment or profits and losses before tax. For this reason, these types are considered to employ a low information standard. These types of regimes usually do require full geographical disaggregation, meaning that all "material payments" to whichever country have to be individually specified per country. Examples of such regimes currently in place are the reporting regime on EU companies active in the extractive and logging industry, introduced by EU Directive 2013/34 of 2013 and fully transposed by all EU countries.[144] Similar regimes have been adopted in Canada by means of the Extractive Sector Transparency Act of 2014[145] and in the United States by means of the Dodd Frank Act of 2010. The relevant section of this Act, section 1504, effectively entered into force only in 2021 and only in 2024, US multinationals active in the extractive industry have been filing the first public country by country reports under the Act.[146] Finally, a second type of sector specific public country by country reporting regimes are the reporting obligations for financial institutions introduced by EU Directive 2013/34 (also known as the 'Capital Requirements Directive IV'). The Directive's rules, which have been fully transposed in all EU Member Countries, require EU banks to annually report on turnover, number of employees, profit or loss before tax, tax on profit or loss, and public subsidies received. No information is required regarding sales or capital assets. As such, this regime employs a medium standard of information reporting and full geographical disaggregation of individual country information is required under this regime.

A comparison of information standards of the various country-by-country reporting regimes is provided in Annex A.

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

[144] European Parliament and Council of the European Union. *Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the Annual Financial Statements, Consolidated Financial Statements and Related Reports of Certain Types of Undertakings, Amending Directive 2006/43/EC of the European Parliament and of the Council and Repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA Relevance*. June 2013. URL: https : / / eur - lex . europa . eu / LexUriServ/LexUriServ.do?uri=OJ:L:2013:182:0019:0076:EN:PDF [Visited on 23/09/2024].

[145] Government of Canada. *Extractive Sector Transparency Measures Act*. 2014. URL: https://laws-lois.justice.gc.ca/eng/acts/E-22.7 [Visited on 07/04/2023].

[146] United States. *Dodd-Frank Wall Street Reform and Consumer Protection Act*. July 2010. URL: https : //www.congress.gov/111/plaws/publ203/PLAW-111publ203.pdf [Visited on 23/09/2024].

Table 3.22. Assessment Logic: Public country by country reporting

ID	ID question	Answers					
1001	Does the jurisdiction have legislation in place that requires companies to publicly disclose their country by country reports or authorities to make those reports publicly available?	No	Yes				
1003	What is the type of country by country reporting legislation in place in the jurisdiction which is being assessed?	-	0: Unique domestic regulation; 1: OECD BEPS Action 13 CbCR; 2: EU Directive 2021/2101; 3: Capital Requirements Directive IV. (This is an informative ID to determine the regime upon which we base the assessment - please see Table 1 in Annex 5.)				
1005	How frequently is reporting required for the type of country by country reporting being assessed?	-	Less than annually or one off	Annually			
1004	What is the 'standard of reporting' that companies have to meet, according to the type of country by country reporting being assessed?	-	-	Low	Medium OR High		
1007	What is the level of coverage by sectors, according to the type of country by country reporting being assessed?	-	-	-	Some sectors	All sectors	All sectors
1008	Does the country by country reporting legislation being assessed include the full disaggregation of data?	-	-	-	No, only for listed tax havens	No, only for listed tax havens and regional countries	Yes
Valuation score		100		90	50		0

3.11 Legal entity identifier

3.11.1 What is measured?

This indicator reviews the extent to which a jurisdiction requires domestic legal entities to use the Legal Entity Identifier (LEI). A global LEI system has been developed under the guidance of the Financial Stability Board (FSB) and provides a unique identification number for legal entities engaging in financial transactions. Sometimes labelled a global business card for legal entities, all legal entities incorporated in any country can apply for and use a LEI for a few dozens of Euros.[147]

The LEI is a 20-character, alpha-numeric code and all entities using a LEI can be searched on their website for free.[148] In essence, the information contained in any LEI record was initially limited to the name(s), legal jurisdiction and legal form of the entity, its address, as well as date and details of registration.[149] As of May 2017, additional information on the direct and ultimate accounting consolidating parents was required for each LEI record upon annual renewal.[150] The accuracy of any LEI record can be challenged online.

Some jurisdictions have required the use of a LEI in different segments of financial markets, beginning with the "Over the Counter" (OTC) derivatives market.[151] In addition, the global system for automatic exchange of tax information (Common Reporting Standard, (CRS)) allows jurisdictions to use the LEI as an identifier for reporting by financial institutions.[152]

For a jurisdiction to obtain a zero secrecy score, it must require[153] all legal entities created under its laws to use an annually updated LEI. Otherwise, a 100 points secrecy score is applied.

However, the 100 points secrecy score can be reduced by 25 points for each specific purpose for which the jurisdiction requires annually updated LEIs:

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[147] See here the cost for obtaining LEIs and for their renewals: GS1. *Price List Legal Entity Identifier*. URL: https://www.lei.direct/fileadmin/user_upload/Preislisten/2025/LEI_Preisliste-EN.pdf [Visited on 27/05/2025]

[148] *LEI Search*. URL: https://search.gleif.org [Visited on 04/05/2022].

[149] *Global Legal Identifier Foundation - Homepage*. URL: https://www.gleif.org/ [Visited on 04/05/2022].

[150] The data to be provided for the consolidating parent company when the parent has no separate LEI is its legal name, legal address, headquarter address and business register information (identification of register and registry number). The files are available for download free of charge on the GLEIF website: *GLEIF Concatenated Files*. URL: https://www.gleif.org/en/lei-data/gleif-concatenated-file [Visited on 08/04/2022]. See also *About LEI: Common Data File Formats*. URL: https://www.gleif.org/en/about-lei/common-data-file-format [Visited on 08/04/2022].

[151] *Regulatory Use of the LEI*. URL: https://www.gleif.org/en/lei-solutions/regulatory-use-of-the-lei [Visited on 08/04/2022].

[152] OECD, *Standard for Automatic Exchange of Financial Account Information in Tax Matters*. p.97.

[153] In this regard, an important nuance must be noted: various jurisdictions merely "request" a LEI in certain circumstances. According to the LEI Regulatory Oversight Committee, if the LEI is "requested" it means that "The LEI is mandated only if the relevant entity already has one".LEIROC. *Progress Report by the Legal Entity Identifier Regulatory Oversight Committee (LEI ROC): The Global LEI System and Regulatory Uses of the LEI*. Apr. 2018. URL: https://www.leiroc.org/publications/gls/roc_20180502-1.pdf [Visited on 20/04/2022] Thus, in these cases we consider there is no real obligation to use a LEI.

- for financial market operators trading in “Over the Counter” (OTC) derivatives; and/or
- for financial market operators and/or asset classes beyond “Over the Counter” (OTC) derivatives; and/or
- for the identification of reporting financial institutions (pursuant to the CRS commentaries, section I, subpara A(3)[154]).

The secrecy scoring matrix is shown in Table 3.23, and full details of the assessment logic can be found in Table 3.24.

Table 3.23. Scoring Matrix: Legal entity identifier

Regulation [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]	**Secrecy Score Assessment** [Simple addition / subtraction]
No mandatory and updated LEI for all companies The use of an annually updated Legal Entity Identifier (LEI) is not mandatory for all domestic companies.	100 points
Mandatory and updated LEI for one type of operators/asset classes The use of an annually updated LEI is mandatory either for trading in “Over the Counter” (OTC) derivatives, or for financial market operators and/or asset classes beyond (OTC) derivatives. **OR** **Mandatory and updated LEI for two types of operators/asset classes** The use of an annually updated LEI is mandatory both for trading in “Over the Counter” (OTC) derivatives and for some financial market operators and/or asset classes beyond trading in OTC derivatives.	-25 points **OR** -50 points
Mandatory and updated LEI for automatic exchange of tax information The use of an annually updated LEI is mandatory for the identification of reporting financial institutions (pursuant to the Common Reporting Standard (CRS), as referred to in the CRS commentaries, section I, subpara A (3)).	-25 points
Mandatory and updated LEI for all companies The use of an annually updated Legal Entity Identifier (LEI) is mandatory for all domestic companies.	0 points

The data for this indicator is largely derived from two sources. First, the GLEIF website has been reviewed, especially the page “Regulatory Use of the LEI”[155], as well as the LEI Regulatory Oversight Committee (ROC) website which has an

[154] OECD, *Standard for Automatic Exchange of Financial Account Information in Tax Matters.* p.97.

[155] While this website provides for a list of mandatory regulatory uses, it does not specify if these include a requirement to annually update the LEI. Therefore, those regulations of jurisdictions which were classified as having a a mandatory LEI requirement were analysed in depth. See *Regulatory Use of the LEI*

updated table of LEI progress[156]. Second, countries responses to the Tax Justice Network's surveys.[157]

3.11.2 Why is this important?

A modern multinational bank or company consists of hundreds of subsidiaries (or legal entities), many of which are subject to different jurisdictions' laws and regulations. Relevant data on multinational banks and companies is often as patchy and dispersed over many jurisdictions worldwide as the web of their subsidiaries is. As a consequence, systemic risks to financial stability and integrity are easily hidden from the view of regulators, shareholders and civil society. By requiring an open access unique legal entity identifier for each legal entity and its parent company worldwide, it would become far easier for legitimate interests to connect the subsidiaries and legal entities in real time ("interconnectivity") and to identify and address systemic risks early on.

In response to the global financial crisis, the LEI has been developed originally to increase transparency in financial markets and to "uniquely identify parties to financial transactions".[158] However, there are more reasons for why the use of an updated and globally unified legal entity identifier may assist in curtailing financial secrecy.

The 2008 financial crisis had evidenced flaws and failures in financial data systems, in risk assessment and mitigation as well as in fraud detection and prevention, all of which were exacerbated, if not caused, by the absence of a unique and public identification system of legal entities engaging in financial transactions. For example, the critical issue of derivatives reporting and aggregation has been hampered in the past by failures of automated systems to aggregate data correctly to a single financial institution because of different spellings or codings of that same financial institution. As a result, regulators may have incomplete or misleading information about the critical risk exposure of financial institutions and might therefore fail to take appropriate actions. Therefore, the development and provision of a global LEI system has been conceived as a public good which provides collective benefits.[159]

In June 2012, the Financial Stability Board, an international body promoting financial stability, published a report "A Global Legal Entity Identifier for Financial Markets". This report was endorsed by the G20 at the Los Cabos Summit in June 2012.[160] A non-for-profit foundation (Global Legal Entity Identifier Foundation,

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[156] An updated version of the table as of 31 January 2021 is accessible at: *LEI Uses (Including LEI ROC Progress Reports)*. URL: https://www.leiroc.org/lei/uses.htm [Visited on 04/05/2022].

[157] Tax Justice Network, *TJN Surveys*.

[158] Financial Stability Board. *A Global Legal Entity Identifier for Financial Markets*. Tech. rep. 2012. URL: https://www.leiroc.org/publications/gls/roc_20120608.pdf [Visited on 02/05/2022].

[159] Financial Stability Board, *A Global Legal Entity Identifier for Financial Markets*.

[160] Financial Stability Board. *Legal Entity Identifier (LEI)*. Nov. 2020. URL: https://www.fsb.org/work-of-the-fsb/market-and-institutional-resilience/post-2008-financial-crisis-reforms/legalentityidentifier/ [Visited on 11/05/2022].

GLEIF) and an oversight committee (Regulatory Oversight Committee, LEI ROC) were established to implement the global LEI system. Meanwhile, the scope of the LEI has been widened and it is open also to any legal entity that engages in financial transactions. Adhering to the Open Data Charter as of January 2016, the GLEIF is committed to providing data in open data format by default.[161] As a consequence, it can be "freely used, reused, and redistributed by anyone, anytime, anywhere", thus enabling it to play a role far beyond financial market regulation.

There are good reasons for mandating LEI usages beyond the financial markets. Legal entities are the vehicles of choice for large scale embezzlement, money laundering, tax evasion and other forms of corruption.[162] Many secrecy jurisdictions have specialised in fast and cheap production and dissolution of shell companies. Among those specialist offers feature:

- ready-made shelf companies[163] including nominee directors or shareholders,[164] which may allow backdating the existence of a company and misleading law enforcement;
- so-called Series LLCs[165] which enable the creation of dozens or even hundreds of separate legal entities at very low costs;
- tailored private trust companies[166] for the secretive administration of high net worth individuals' wealth;
- creation of companies only for a few days followed by them being struck off the Register, and subsequently dissolved.[167]

These features of companies can make it very difficult for legitimate interests such as law enforcement, market regulators, Financial Intelligence Units, public procurers, clients, business partners, tax officials, civil society, journalists and all those in charge of undertaking anti-money laundering due diligence to understand the background, nature and network of legal entities.

One key obstacle in accessing relevant data is the lack of interconnectivity of existing data sets and records. Taken together, the information about a legal

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[161] *About GLEIF: Open Data*. URL: https://www.gleif.org/en/about/open-data [Visited on 11/05/2022].

[162] See for example: OECD, *Behind the Corporate Veil: Using Corporate Entities for Illicit Purposes*; Van der Does de Willebois et al., *The Puppet Masters. How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*; O'Donovan et al., 'The Value of Offshore Secrets Evidence from the Panama Papers'.

[163] *Companies Incorporated: Shelf Corporations, Aged Companies and LLCs For Sale*. URL: https://www.companiesinc.com/shelf-corporation-llc/ [Visited on 11/05/2022].

[164] Bastian Brinkmann et al. 'The Secret World Of Sham Directors'. *Süddeutsche.de* 2016. URL: http://panamapapers.sueddeutsche.de/articles/5718f882a1bb8d3c3495bcc7/ [Visited on 03/05/2022].

[165] Sarah Feldman. *The Series LLC: An Organizational Structure That Can Help Mitigate Risk*. 2020. URL: https://www.wolterskluwer.com/en/expert-insights/the-series-llc-an-organizational-structure-that-can-help-mitigate-risk [Visited on 07/04/2022].

[166] *Cayman Islands Private Trust Companies*. Mar. 2017. URL: https://www.careyolsen.com/briefings/cayman-islands-private-trust-companies [Visited on 11/05/2022].

[167] *Striking off, Dissolution and Restoration under the BVI Business Companies Act, 2004*. URL: https://www.bedellcristin.com/insights/briefings/striking-off-dissolution-and-restoration-under-the-bvi-business-companies-act-2004/ [Visited on 08/04/2022].

entity available on all public records worldwide may offer very important insights and reveal connections that could prove pivotal for the above mentioned legitimate interests. For example, a legal entity may be recorded in public corporate registers of several jurisdictions. However, the functions in which the same company is registered may differ. Often the company will be publicly registered in the jurisdiction of incorporation, but may be recorded as well in other jurisdictions (for example, if it is a shareholder or a director of a local company, or if it is bidding in public procurement tenders). In addition, not all jurisdictions require the same information to be recorded and/or made available online or on hard copy record. Some jurisdictions may require the publication of accounts or of beneficial ownership information, while other jurisdictions might publish only the name and business number, or a registered business address – possibly a mere letter box. And only some public registers deliver free of charge access to the corporate data, inhibiting further the access on information. Therefore, the interconnection of information in existing databases and public records is of paramount importance.[168]

While the interconnectivity of existing data records often fails because the data of company registers is not provided in open data format, another related problem consists of the lack of a unique global identifying number for each company. A unique and uniform number with established data verification procedures is an important condition for matching data records from different sources, because company names can be misspelled and might change over time. Similarly, if each jurisdiction provides its own identifier numbers (eg. through tax administrations or business registries) these numbers are specific to that jurisdiction and will therefore not allow the linking of another jurisdiction's records on that same legal entity. Furthermore, if the data quality is not regularly checked and linked back to local registers, the data identifiers may soon be outdated or could be abused.

For tax purposes, the OECD has long been exploring introduction of a unique taxpayer reference number and has confirmed in the past the benefits of a unique taxpayer ID system.[169] However, because of taxpayer confidentiality, these taxpayer IDs and identities are not routinely exchanged across borders and, even if they are, they are not harmonised. The taxpayer ID from country A is of little use to country B if it does not match the ID country B had given the same legal entity. Furthermore, legal entities can be set up precisely to avoid paying taxes in other jurisdictions, including by avoiding local registration. Therefore, taxpayer IDs are not suitable to serve as a basis for universal matching of public domain data on corporate entities.

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[168] For a list of business registers on the globe, please visit: *GLEIF Registration Authorities List*. URL: https://www.gleif.org/en/about-lei/code-lists/gleif-registration-authorities-list [Visited on 08/04/2022].

[169] OECD. *Tax Administration in OECD and Selected Non OECD Countries: Comparative Information Series (2008)*. Tech. rep. Jan. 2009. URL: https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/comparative/CIS-2008.pdf [Visited on 08/04/2022], pp.154-55.

For the global automatic exchange of tax information pursuant to the OECD's Common Reporting Standard, the reporting financial institutions need to be identified uniquely to efficiently collect, administer and exchange data with partner jurisdictions. The LEI is explicitly mentioned as one possible identifying number for reporting financial institutions. The respective passage in the Commentaries to the CRS (Subparagraph A (3)) reads as follows:

> The Reporting Financial Institution must report its name and identifying number (if any). Identifying information on the Reporting Financial Institution is intended to allow Participating Jurisdictions to easily identify the source of the information reported and subsequently exchanged in order to, eg follow-up on an error that may have led to incorrect or incomplete information reporting. The "identifying number" of a Reporting Financial Institution is the number assigned to a Reporting Financial Institution for identification purposes. Normally this number is assigned to the Reporting Financial Institution by its jurisdiction of residence or location, but it could also be assigned globally. Examples of identifying numbers include a TIN, business/company registration code/number, Global Legal Entity Identifier (LEI), or Global Intermediary Identification Number (GIIN). Participating Jurisdictions are expected to provide their Reporting Financial Institutions with guidance with respect to any identifying number to be reported. If no such number is assigned to the Reporting Financial Institution, then only the name and address of the Reporting Financial Institution are required to be reported.[170]

In conclusion, any country can contribute to global financial transparency by requiring updated LEIs from all of its domestic legal entities and by all parties to financial market transactions.

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

[170] OECD, *Standard for Automatic Exchange of Financial Account Information in Tax Matters.* p.97.

Table 3.24. Assessment Logic: Legal entity identifier

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
414	Is the use of an annually updated Legal Entity Identifier (LEI) mandatory for all companies?	0: No; 1: Yes.	If Y: 0; otherwise 100; All of following scores below are added/subtracted. If sum is above 100 = 100, below 0 = 0.
415	Is the use of an annually updated Legal Entity Identifier (LEI) mandatory for some financial market operators and/or asset classes?	0: No; 1: Yes, but only for trading in "Over the Counter" (OTC) derivatives; 2: Yes, but only for some financial market operators and/or asset classes beyond "Over the Counter" (OTC) derivatives; 3: Yes, both for trading in "Over the Counter" (OTC) derivatives and for some financial market operators and/or asset classes beyond trading in OTC derivatives.	If answer 1 or 2: -25; 3: -50.
420	Is the use of an annually updated LEI mandatory for identification of reporting financial institutions (pursuant to the Common Reporting Standard (CRS), as referred to in the CRS commentaries, page 97, section I, subpara A (3))?	0: No; 1: Yes.	If Y: -25.

3.12 Tax compliance focus

3.12.1 What is measured?

This indicator considers the capacity of tax administrations to collect and process data for investigating and ultimately taxing those people and companies who usually have most means and opportunities to escape their tax obligations. The indicator is comprised of four components and assesses organisational capacity, as well as the availability of rules for targeted collection of intelligence about complex and risky tax avoidance activities.

Two aspects are considered to assess organisational features of a jurisdiction's tax administration:

1. **Regarding Large Taxpayers**: the indicator assesses whether a jurisdiction has one centralised unit for large (corporate) taxpayers within the tax administration;

2. **Regarding High Net Worth Individuals**: the indicator assesses whether a jurisdiction has one centralised unit for High Net Worth Individuals.

Two types of rules for targeted collection of intelligence about complex and risky tax avoidance activities are analysed:

3. **Regarding the reporting of tax avoidance schemes**: the indicator assesses whether a jurisdiction requires taxpayers to report on tax avoidance schemes they have used and tax advisers to report on any tax avoidance schemes they have sold or marketed in the course of assisting companies and individuals prepare tax returns.

4. **Regarding the reporting of uncertain tax positions**: the indicator assesses whether a jurisdiction requires corporate taxpayers and tax advisers to report on uncertain tax positions for which reserves have been created in annual corporate accounts.[171]

The overall secrecy score for this indicator is calculated by the simple addition of the secrecy scores across each of these four components. The secrecy scoring matrix is shown in Table 3.25, with full details of the assessment logic given in Table 3.26.

[171] The reporting can be done either as part of the corporations' annual accounts or separately.

Table 3.25. Scoring Matrix: Tax compliance focus

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Component 1: Large Taxpayer Unit (20 points)	
Large Taxpayer Unit (LTU) There is one centralised unit for large (corporate) taxpayers within the tax administration.	0
There is no LTU.	20
Component 2: High Net Worth Individuals Unit (20 points)	
High Net Worth Individuals Unit (HNWI) There is one centralised unit for HNWIs within the tax administration	0
There is no HNWI Unit.	20
Component 3: Reporting on tax avoidance schemes (30 points)	
Taxpayers reporting schemes Taxpayers are required to report on uncertain tax avoidance schemes they have used. **AND / OR** **Tax Advisers reporting schemes** Tax advisers are required to report on any tax avoidance schemes they have sold or marketed in the course of assisting companies and individuals prepare tax returns.	Reporting by both taxpayers and advisers: 0 Reporting by either taxpayers or advisers: 15
No reporting by taxpayers or tax advisers.	30
Component 4: Reporting on uncertain tax positions (30 points)	
Corporate taxpayers reporting schemes Corporate taxpayers are required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts. **AND / OR** **Tax Advisers reporting uncertain tax positions** Tax advisers are required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts of the companies they advised.	Reporting by both taxpayers and advisers: 0 Reporting by either taxpayers or advisers: 15
No reporting by taxpayers or tax advisers.	30

For assessing the indicator, our research draws on several sources: a) the Tax Justice Network's surveys;[172] b) the OECD publication entitled "Tax Administration";[173] c) domestic websites of jurisdictions' tax authorities; d) domestic tax legislation of jurisdictions; e) the OECD publication entitled

[172] Tax Justice Network, *TJN Surveys*.

[173] OECD. *Tax Administration*. URL: https : / / www . oecd . org / en / publications / tax - administration _ 23077727.html [Visited on 28/05/2025].

"Mandatory Disclosure Rule. Action 12: 2015 Final Report";[174] f) the International Bureau of Fiscal Documentation (IBFD) database;[175] and g) in some instances, we have also consulted additional websites and reports of accountancy firms and other domestic websites.

3.12.2 Why is this important?

Cross-border economic activity and financial flows, driven by scale effects, result in national tax administrations receive an increased share of value added and income from non-domestic sources. Tax administrations must adapt to this increasingly complex environment through organisational and technical innovations, otherwise they risk rapidly losing the ability to assess and collect taxes effectively.

The absence of adequate organisational and technical capacity of a tax administration, whether by accident or design, can attract wealthy individuals and corporations wanting to escape taxation.

Components 1 and 2: Large Taxpayers Unit and Unit for High Net Worth Individuals

Effective units for large taxpayers and high net worth individuals improve a tax administration's capacity to assess and collect tax from some of the largest taxpayers in a jurisdiction. The OECD mentions several reasons for the importance of large tax units, namely, the high concentration of revenue in the hands of a small number of taxpayers, the high degree of complexity in the business and tax affairs of large taxpayers, major compliance risks from the viewpoint of the tax authority, and the use of professional tax advisers by large taxpayers.[176]

Units dedicated to taxing large tax payers and high net worth individuals make sense on the grounds of efficiency. The taxpayers dealt with by these units share common characteristics which require highly specialist expertise that would be much harder to mobilise in the context of a decentralised tax administration. They provide a better opportunity for tax administrations with limited human and financial capacity to target risk assessment and audit.

These special units may not be a panacea to tax evasion and aggressive tax avoidance, but their absence might indicate a willingness on the part of a jurisdiction to tolerate such practices by large taxpayers and wealthy individuals. Such permissiveness on the part of governments effectively contributes to financial opacity.

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[174] OECD. *Mandatory Disclosure Rules, Action 12 - 2015 Final Report*. Paris: OECD Publishing, 2015. URL: https : / / www . oecd . org / en / publications / mandatory - disclosure - rules - action - 12 - 2015 - final - report_9789264241442-en.html [Visited on 27/03/2025].

[175] IBFD. *Tax Research Platform: Country Surveys, Country Analyses, Country Key Features*. URL: https : //research.ibfd.org/ [Visited on 27/03/2025].

[176] OECD, *Tax Administration*.

While the threshold for defining a high net worth individual or a large taxpayer may vary between jurisdictions, there is undoubtedly a high concentration of revenue in the hands of a small number of taxpayers and their tax affairs are complex and often require more in-depth analysis of relevant tax laws. In absolute terms, this group poses the greatest risks for tax losses because of the high concentration of taxable income and/or wealth in their hands. Research further suggests that, in relative terms, both (large and multinational) corporations and wealthy individuals are more likely to engage in tax evasion and/or avoidance than their smaller competitors or those with lower levels of income and/or wealth.[177]

These risks are significantly exacerbated by teams of highly specialised lawyers, accountants and tax advisers that usually represent both large corporations and high net worth individuals. Therefore, dedicated units that foster cooperation among highly skilled tax experts in the tax administration increase the chances of matching the expertise mustered by the private sector to ensure that tax laws will be strictly applied and complex disputes resolved in an even-handed way. Even in contexts where units use low tech methods, having dedicated staff appears to improve revenue collection from large taxpayers through close monitoring of taxpayers and risk-based audit approaches.[178]

In cases where a jurisdiction operates several regional specialist units without central management, this could potentially create incentives for tax wars and lax and uneven enforcement of tax laws between the different subnational regions. In addition, multiple parallel institutions might create opacity through (unnecessary) complexity, interagency rivalry and restricted cooperation.

Component 3: Reporting of tax avoidance schemes

Mandatory disclosure rules require taxpayers to report to the tax administration on aggressive tax planning schemes they have used. They also require intermediaries, such as tax advisors, accountants and lawyers, to report on the schemes they have sold or marketed to their clients.[179]

There are several reasons to support mandatory reporting of tax avoidance schemes. First, the reporting requirements help tax administrations to identify

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[177] Regarding individuals, see, Gabriel Zucman et al. *Tax Evasion and Inequality*. Tech. rep. 2017. URL: https://gabriel-zucman.eu/files/AJZ2017.pdf [Visited on 27/03/2025]. With respect to companies, see, Heinz Gebhardt and Lars-HR Siemers. 'Volkswirtschaftliche Diskussionsbeiträge Discussion Papers in Economics' 2016. URL: https://www.researchgate.net/profile/Heinz_Gebhardt/publication/313420303_Die_relative_Steuerbelastung_mittelstandischer_Kapitalgesellschaften_Evidenz_von_handelsbilanziellen_Mikrodaten/links/5899d5a9a6fdcc32dbdeaccd/Die-relative-Steuerbelastung-mittelstaendischer-Kapitalgesellschaften-Evidenz-von-handelsbilanziellen-Mikrodaten.pdf [Visited on 27/03/2025]. And Peter Egger et al. 'Saving Taxes through Foreign Plant Ownership'. *Journal of International Economics*, 81(1) May 2010, pp. 99–108. URL: http://linkinghub.elsevier.com/retrieve/pii/S0022199609001573 [Visited on 27/03/2025].

[178] Waziona Ligomeka. *Assessing the Performance of African Tax Administrations: A Malawian Puzzle*. IDS, Sept. 2019. URL: https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/14699 [Visited on 27/03/2025].

[179] Leyla Ates. *More Transparency Rules, Less Tax Avoidance*. Nov. 2018. URL: https://progressivepost.eu/debates/more-transparency-rules-less-tax-avoidance/ [Visited on 27/03/2025].

areas of uncertainty in the tax law that may need clarification or legislative improvements, regulatory guidance, or further research.[180] Second, providing the tax administration with early information about tax avoidance schemes allows it to assess the risks that schemes pose before the tax assessment is made and to focus audits more efficiently. This is significant mainly because tax administrations in many jurisdictions do not have sufficient capacity to fully audit a large number of tax files. Thus, flagging certain files that carry a greater risk of tax avoidance is likely to increase tax administration efficiency and their ability to increase tax revenues. Third, requiring mandatory reporting of tax schemes is likely to deter taxpayers from using these tax schemes because they know there are higher chances that files will be flagged, exposed and assessed accordingly. Fourth, such mandatory reporting may reduce the supply of these schemes by altering the economics of tax avoidance for their providers because they will be more exposed to claims of promoting aggressive tax schemes, increasing the risk of reputational damage. Further, their profits and rate of return on the promotion of these schemes are likely to be reduced because schemes can be closed down more quickly by tax authorities. The bottom line impact for tax advisers is all the more true if contingency fees are part of contracts with clients.

Mandatory disclosure rules were first introduced in 1984 by the US and along the years several other countries, including EU member states, the UK, Ireland, Portugal, Canada, South Africa, South Korea and Israel,[181] have followed suit. The revelations of the Lux Leaks[182] and the Panama Papers[183] along with the EU State Aid cases on tax rulings[184] have demonstrated the role of intermediaries in using tax planning schemes for tax avoidance. These have further pushed governments to take action in the wake of these scandals, as is the case of EU member states that were required to implement mandatory disclosure rules and to automatically exchange reportable cross-border arrangements between them (Directive 2018/822/EU).[185]

Imposing mandatory reporting rules for tax avoidance schemes is difficult because of the potential for ambiguity of whether the scheme is considered a tax avoidance scheme within the mandatory disclosure rules. In order to mitigate this risk, the reporting obligation should apply both to the taxpayer who uses the tax

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[180] *Reportable Tax Position Schedule Instructions 2020*. 2020. URL: https://www.ato.gov.au/Forms/Reportable-tax-position-schedule-instructions-2020/ [Visited on 27/03/2025].

[181] OECD, *Mandatory Disclosure Rules, Action 12 - 2015 Final Report*, p.23.

[182] ICIJ. *Luxembourg Leaks: Global Companies' Secrets Exposed*. 2014. URL: https://www.icij.org/investigations/luxembourg-leaks/ [Visited on 27/03/2025].

[183] ICIJ, *The Panama Papers: Exposing the Rogue Offshore Finance Industry*.

[184] European Commission. *State Aid Cases*. Jan. 2019. URL: https://competition-policy.ec.europa.eu/state-aid/tax-rulings_en [Visited on 27/03/2025].

[185] Council of the European Union. *Council Directive 2018/822/EU of 25 May 2018 Amending Directive 2011/16/EU as Regards Mandatory Automatic Exchange of Information in the Field of Taxation in Relation to Reportable Cross-Border Arrangements*. June 2018. URL: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018L0822 [Visited on 07/05/2022]. The Directive, in force since 25 June 2018, requires the automatic exchange of information on cross-border arrangements among other EU members through a central directory. The directive aims to create a level playing field for all EU member countries in terms of access to such relevant information. For further information see, Ates, *More Transparency Rules, Less Tax Avoidance*.

scheme and to the promoter (tax advisers) of the scheme, and not only to the latter. If both taxpayers and advisers are obliged to report independently on the used or marketed tax avoidance schemes (respectively), the chances that tax administrations will be able to detect hidden dubious schemes are significantly higher. Precisely because there are numerous and regular conflicts between the tax administration and taxpayers and advisers on the interpretation of tax laws, many tax schemes will be designed in grey areas.

The EU Directive 2018/822/EU imposes the disclosure obligation primarily on the intermediaries who design and sell the aggressive tax planning schemes, while taxpayers are required to report on such schemes only in limited instances. However, EU member states are able to extend the scope and impose a similar disclosure obligation on taxpayers. Nonetheless, while including the scheme reference number may assist the tax administration to track disclosures made by tax advisers and link them to the taxpayer,[186] it does not increase the detection risk of hitherto unknown tax avoidance schemes. This is because only the schemes that were already reported will be issued a number, but a taxpayer has no obligation whatsoever to report on tax schemes that were not reported by the tax adviser. In the absence of an independent reporting obligation on both taxpayers and tax advisers, incentives for collusion between tax advisers and taxpayers to keep information about unreported schemes from tax administrations remain high.

Component 4: Reporting of uncertain tax positions

To further mitigate the risk of failure by a taxpayer or tax adviser to define and report properly all relevant tax avoidance schemes, mandatory rules should require uncertain tax positions for which reserves have been created in the annual corporate account to be reported (either as part of the financial accounts or separately). Such best practice has been endorsed, for example, by the OECD's voluntary co-operative tax compliance programme, in which participating jurisdictions require multinational enterprises to bring uncertain tax positions and other problematic tax positions to their attention.[187]

The International Financial Reporting Standards, which most multinational companies adhere to in their annual financial reporting, require the reporting of uncertain tax positions. Whenever a tax payment related to a tax risk is "probable", these positions need to be included in their financial accounts.[188] Under these International Financial Reporting Standards, prudence[189] is an important principle for the preparation of accounts. In fact, shareholders may

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[186] OECD, *Mandatory Disclosure Rules, Action 12 - 2015 Final Report*.

[187] OECD iLibrary. *Co-Operative Tax Compliance: Building Better Tax Control Frameworks*. 2016. URL: http://dx.doi.org/10.1787/9789264253384-en [Visited on 27/03/2025].

[188] PricewaterhouseCoopers. *IFRIC 23 - Putting some certainty into uncertain tax positions*. 2021. URL: https://www.pwc.com/ph/en/accounting-buzz/accounting-client-advisory-letters/ifric-23-putting-some-certainty-into-uncertain-tax-positions.html [Visited on 27/03/2025].

[189] *Prudence and IFRS*. tech. rep. ACCA, 2014. URL: http://www.accaglobal.com/content/dam/acca/global/PDF-technical/financial-reporting/tech-tp-prudence.pdf [Visited on 27/03/2025].

hold management accountable for prudential reporting. Therefore, it is likely that more tax avoidance schemes would be reported to tax administrations if there were consistent requirements to report details on uncertain tax positions. Similarly, if both tax advisers and taxpayers are obliged independently to annually report any uncertain tax positions of accounts they prepared or submitted, the detection risk for errors in reporting or failures to report is likely to decrease.

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 3.26. Assessment Logic: Tax compliance focus

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
317	Does the tax administration operate one central unit for large taxpayers (large taxpayer unit, LTU)?	0: No; 1: Yes.	If 1 (Yes): -20
400	Does the tax administration operate one central unit dedicated to the taxation of high net worth individuals?	0: No; 1: Yes.	If 1 (Yes): -20
403	Are taxpayers required to report at least annually on certain tax avoidance schemes they have used?	0: No; 1: Yes, but the schemes are only reported to the tax administration (they are not published); 2: Yes, and the schemes are made publicly available.	If answer is 1 or 2: -15 for each.
404	Are tax advisers (who help companies and individuals to prepare tax returns) required to report at least annually on certain tax avoidance schemes they have sold/marketed (if applicable)?	0: No; 1: Yes, but the schemes are only reported to the tax administration (they are not published); 2: Yes, and the schemes are made publicly available.	
405	Are taxpayers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts?	0: No; 1: Yes, but the details are only reported to the tax administration (they are not published); 2: Yes, and the details are made publicly available.	If answer is 1 or 2: -15 for each.
406	Are tax advisers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts of the companies they advised?	0: No; 1: Yes, but the details are only reported to the tax administration (they are not published); 2: Yes, and the details are made publicly available.	

3.13 Golden visas

3.13.1 What is measured?

This indicator analyses whether jurisdictions are contributing to financial secrecy by having lax rules on citizenship and/or residency and/or by having a Personal Income Tax (PIT) regime which fails to comprehensively tax worldwide income. Lax rules on citizenship and/or residency can be abused by criminals who seek to launder and conceal proceeds of crime or commit new offences, including financial crimes. Non-comprehensive PIT regimes leave items of income untaxed and therefore fail the principles of tax progressivity and fairness. Their negative spillovers also make it more difficult for other jurisdictions to levy progressive taxes on worldwide income.

If a jurisdiction combines both lax rules on citizenship and/or residency with a non-comprehensive PIT regime, taxpayers may furthermore rely on those rules to obtain an additional second tax residence without significant tax implications. This second tax residence can then be abused to escape reporting of offshore financial accounts or crypto-assets via automatic exchange of information under the Common Reporting Standard (CRS) and the Crypto Asset Reporting Framework (CARF) in their genuine jurisdiction of residence.[190]

Two components of a jurisdiction's legal framework are therefore jointly analysed under this indicator:

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 through citizenship-by-investment (CBI) programmes, only after meeting a minimum physical presence requirement (instead of obtaining citizenship against a 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 through residency-by-investment (RBI) programmes, as long as the minimum physical presence requirement in the jurisdiction is maintained.

For the purpose of this indicator, a zero-point secrecy score (full transparency) will be awarded to jurisdictions that levy a personal income tax with a comprehensive scope, regardless of the citizenship or residency rules.

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[190] For more on automatic exchange of information under the CRS and the CARF, see the secrecy indicator on automatic exchange of information

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 3.27, with full details of the assessment logic given in Table 3.28.

Component 1: comprehensive scope of a personal income tax

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 per cent 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,[191] 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 that a tax resident is entitled to pay or has already 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.

Additionally, the personal income tax must be comprehensive in terms of the income it covers, that is, all kinds of passive income and capital gains, domestic and foreign. All capital gains earned worldwide should be subject to tax, either as part of a personal income tax or under a separate capital gains tax regime, for the personal income tax system to be considered comprehensive. The same applies for any specific types of income, especially investment income: any investment income should not be exempt or excluded from the overall tax base, or it should be taxed separately.

Regarding foreign source income, a jurisdiction that does not tax income, dividends, or capital gains derived from foreign sources is therefore considered to have an incomplete personal income tax, even when only certain kind of income, dividends or capital gains are exempt. This is the case, for example, of exemptions to capital gains derived from the sale of shares held longer than a

[191] 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.

Table 3.27. Scoring Matrix: Golden visas

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	 **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 (eg 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	

specific period or from shares traded in the stock exchange. 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 more than 3 years, or if it only applies to a privately held home.

Regarding domestic source income, in circumstances where jurisdictions exempt dividends paid by domestic companies or capital gains derived from the sales of shares of domestic companies, 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.

Finally, jurisdictions that have opted for 'voluntary secrecy' under the CRS, are considered jurisdictions with no comprehensive income tax in place.[192] This is because while voluntary secrecy jurisdictions may have (partial) income tax systems in place, the fact that they chose voluntary secrecy indicates that they are not vested in enforcing a comprehensive income tax system that taxes worldwide income, including income from foreign accounts.

Component 2: tight citizenship and/or residency programs

For citizenship programs to be considered tight, passports should not be granted through passive investment or monetary payment without a requirement to reside in the jurisdiction for at least two years, by which one year of residency is defined as a physical presence of at least 183 days.

A residency programme is considered tight if residency permits are not granted solely on the basis of passive investments, payments, or other financial criteria, unless holders are required to maintain a physical presence of at least 183 days per year in the jurisdiction. Where such permits are granted, failure to satisfy this physical presence requirement should result in their revocation. For the purpose of this indicator, residence permits include both temporary and permanent permits and are distinguished from tourist visas by allowing the holder to reside in the jurisdiction for more than one year.

Citizenship or residency programs against active investment schemes are not within the scope of this indicator.[193] In contrast, discretionary grants of nationality, based on an "economic interest of the State" are within the scope, given that passive investment may qualify as serving the State's interests and can

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[192] Voluntary secrecy jurisdictions are jurisdictions that have opted to be listed in Annex A of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information as a jurisdiction that will send information to listed participating CRS jurisdictions with which they have an activated bilateral relationship but are not willing to receive information from the CRS partner jurisdiction. For more on this aspect of automatic exchange under the CRS, see the secrecy indicator on automatic exchange of information.

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

therefore provide a pathway to citizenship without requiring active economic engagement.

Consequently, jurisdictions that issue passports or residency permits to individuals only 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)[194] are automatically considered for this indicator as having a lax citizenship/residency acquisition.

Information for this indicator was drawn mainly from the following sources: a) OECD Automatic Exchange Portal;[195] b) A database of residency and citizenship programmes entitled: "Residence and Citizenship by Investment: An Updated Database on Immigrant Investor Programs";[196] c) Results of Tax Justice Network's surveys;[197] d) European Parliament publication entitled: "Avenues for EU action on citizenship and residence by investment schemes";[198] e) 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 CBI or RBI programmes in a specific jurisdiction, we assumed these programmes do not exist, and thus, citizenship/residency acquisition is considered tight for that jurisdiction.

3.13.2 Why is this important?

Tight/lax citizenship and residency rules

CBI is the practice of granting citizenship status principally or solely in return for financial investment, without any requirement for a significant period of prior physical residency in the issuing jurisdiction. The investment options can include the direct transfer of funds to a jurisdiction's treasury, the purchasing or renting local real estate, investing in share or loan capital with domestic businesses or purchasing government bonds.

RBI are programmes by which applicants acquire a visa or residency permit that allows residency in the jurisdiction in return for some type of financial

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[194] OECD. *Residence/Citizenship by Investment - Organisation for Economic Co-operation and Development*. URL: https://www.oecd.org/en/topics/sub-issues/international-standards-on-tax-transparency/residence-citizenship-by-investment.html [Visited on 01/06/2026].

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

[196] 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].

[197] Tax Justice Network, *TJN Surveys*.

[198] Fernandes et al., *Avenues for EU Action on Citizenship and Residence by Investment Schemes - European Added Value Assessment*.

investment. Some programmes require visa holders to be physically present for a substantial period before they are eligible to permanently reside, while other programmes have a lower duration requirement of physical residence.

CBI and RBI programmes offer far-reaching and controversial benefits to applicants/customers. First of all, under most CBI programmes, jurisdictions do not require applicants to physically relocate or even visit their new country of citizenship, making it possible to obtain citizenship much quicker than through any other immigration channels.[199] Furthermore, CBI programmes offer enhanced freedom of movement because of access to new passports and potentially less scrutiny by immigration officials. RBI programmes offer access to the international financial system otherwise not available to them in their home jurisdiction. Finally, both programmes also provide the opportunity of identity laundering through the acquisition of an additional travel and identification document under a different nationality or residence status, thereby obfuscating the person's original identity.

Jurisdictions adopt CBI and RBI programmes to stimulate investment migration. The programmes are usually adopted by aspirations of economic growth through the attraction of foreign direct investment and capital inflows. In certain jurisdictions, investment under CBI is known to account for nearly a third of the country's national GDP.[200]

In reality, however, the benefits are quickly outweighed by the downsides associated with investment migration. While RBI programmes, for example, are said to attract high value investments and encourage high-value consumer spending and job creation in the issuing jurisdiction, many countries have found that economic benefit assumptions of RBI programmes have not always materialised.[201]

Furthermore, while the prospective clients of CBI and RBI programs may in certain cases be motivated by genuine reasons like security or humanitarian concerns, or the ease of travel or sheltering wealth, one of the main elements of attraction is the potential for the criminal concealment of wealth. Since 2018, the Tax Justice Network has consistently warned against the risk for money laundering, tax evasion and CRS avoidance that is associated with CBI and RBI regimes.[202]

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[199] FATF and OECD. *Misuse of Citizenship and Residency by Investment Programmes*. Tech. rep. Nov. 2023. URL: https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Misuse-CBI-RBI-Programmes.pdf.coredownload.pdf [Visited on 17/06/2026], Paragraph 27.

[200] This was for instance the case in Dominica in 2023, see IMF. *Dominica: Staff Concluding Statement of the 2023 Article IV Mission*. Apr. 2023. URL: https://www.imf.org/en/news/articles/2023/04/03/cs04032023-dominica-staff-concluding-statement-of-the-2023-article-iv-mission [Visited on 17/06/2026].

[201] FATF and OECD, *Misuse of Citizenship and Residency by Investment Programmes*, Paragraph 29.

[202] Andres Knobel and Frederik Heitmüller. *Citizenship and Residency by Investment Schemes: Potential to Avoid the Common Reporting Standard for Automatic Exchange of Information*. Tech. rep. 2018. URL: http://taxjustice.wpengine.com/wp-content/uploads/2018/03/20180305_Citizenship-and-Residency-by-Investment-FINAL.pdf [Visited on 12/06/2026].

In a publication from 2023, the FATF and the OECD recognised and underscored these issues, noting that criminals are known to have exploited a range of vulnerabilities in CBI and RBI programmes to perpetrate massive frauds, money laundering and corruption, while also hiding assets in less compliant jurisdictions, facilitating organised crime and evading law enforcement.[203] CBI and RBI programmes can provide the criminally wealthy with a range of opportunities, such as the ability to place assets and family members overseas to prevent or hinder asset recovery efforts, hide suspicious high-value transactions, and enable the movement of significant sums of illicit funds across borders. CBI and RBI programmes are furthermore complex to administer and are vulnerable to abuse by professional enablers and fraudsters targeting opportunities to service or exploit the users of these programmes.

The FATF and OECD conclude that CBI/RBI programmes reflect the sovereign right of countries to admit, provide residence to, and naturalise foreigners as they see fit. The organisations suggest comprehensive mitigation measures to be put in place to prevent the abuse that exist. Under this indicator, a different view on CBI/RBI risk is taken, namely that the only effective measure to mitigate the risk of abuse is for a jurisdiction to forego investment migration programmes and adopt strict citizenship/residency rules.

Comprehensive personal income tax

It is a jurisdiction's sovereign choice to subject resident taxpayers to income tax. Many jurisdictions believe, however, that resident taxpayers should be subject to a comprehensive personal income tax, understood to be a tax on worldwide income of all types (eg employment income, passive income, capital gains) and levied at progressive tax rates.

First, if jurisdictions fail to levy a comprehensive personal income tax, for instance because they levy income tax only on domestic source income or they exempt passive income and/or capital gains or because they grant the option for lump-sum taxation, issues of horizontal and vertical fairness arise. Issues of horizontal fairness arise if taxpayers with the same amount of income but only from taxable categories like employment are taxed higher than taxpayers with the same amount of income which includes exempt income categories, like passive investment or income from sources abroad. Issues of vertical fairness arise if the income tax regime fails to respect the ability to pay as a principle which implies that higher incomes should proportionally and progressively pay higher taxes, generating income redistribution. This can only be achieved if the personal income tax is comprehensive.

Second, jurisdictions' choice to adopt a zero or low-income tax also spills over negatively on those jurisdictions that do choose to adopt a comprehensive personal income tax. With global mobility being high, especially for high-net

[203] FATF and OECD, *Misuse of Citizenship and Residency by Investment Programmes*, Paragraph 189.

worth taxpayers, a jurisdiction's active choice to not levy an income tax or to levy income tax only on certain types of income is usually also inspired to trigger tax-driven migration. This, in turn, puts pressure on jurisdictions with a comprehensive income tax to react, either by joining the race-to-the-bottom and revisiting their own sovereign choice to adopt a comprehensive personal income tax, or by instating complex exit taxes and trailing taxes.

For these reasons, the indicator penalises jurisdictions that fail to adopt a comprehensive PIT, regardless of whether they adopt strict or lax citizenship and residency rules.

Lax citizenship/residency rules combined with low or no personal income taxation

In case a jurisdiction has (a) lax citizenship or residency rules because of a CBI/RBI programme which lacks a requirement of sufficient physical presence and (b) at the same time it also fails to levy a comprehensive personal income tax, an additional risk arises, namely the risk of circumventing automatic exchange of information through CRS or CARF avoidance.[204]

While CBI/RBI programmes allow individuals to obtain citizenship or residence rights through local investments or against a flat fee, they can also be misused to hide assets offshore and escape reporting under the CRS or the CARF. National identity cards and other documentation obtained through CBI/RBI programmes can be misused to disguise an individual's true jurisdiction(s) of tax residence.

This may lead to inaccurate or incomplete reporting under the CRS if individuals fail to disclose to financial institutions all jurisdictions where they hold tax residence and falsely claim residence in a jurisdiction that has low or no taxation because it does not have a comprehensive personal income tax. Such a scenario could arise where an individual claims to be resident for tax purposes in a CBI/RBI jurisdiction, providing its bank or crypto service provider with supporting documentation issued under the CBI/RBI programme (eg a certificate of residence, ID card or passport), but does not actually or not only reside in the CBI/RBI jurisdiction.

The Tax Justice Network has been pointing out the risk of CRS avoidance associated with CBI/RBI regimes since the inception of the CRS in 2014.[205] As of 2018, the OECD has also been analysing various CBI/RBI programmes on their potential risk to tax transparency.[206] The OECD defines CBI/RBI programmes as potentially high-risk for tax avoidance purposes if they give a taxpayer access to a

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[204] For more on the CRS and the CARF, see the secrecy indicator on automatic exchange of information.

[205] Andres Knobel and Markus Meinzer. *"The End of Bank Secrecy"? Bridging the Gap to Effective Automatic Information Exchange - An Evaluation of OECD's Common Reporting Standard (CRS) and Its Alternatives*. Tech. rep. Tax Justice Network, Nov. 2014. URL: http : / / www . taxjustice . net / wp - content/uploads/2013/04/TJN-141124-CRS-AIE-End-of-Banking-Secrecy.pdf [Visited on 11/06/2026].

[206] The indicator measuring CBI and RBI regimes in function of CRS avoidance risk was first introduced in the Financial Secrecy Index early in 2018.

low personal income tax rate on offshore financial assets while also not requiring significant physical presence in the jurisdiction.[207] This is based on the premise that most individuals using CBI/RBI programmes to circumvent tax reporting will do that to avoid income tax on their offshore financial assets held in the CBI/RBI jurisdiction but would not be willing to fundamentally change their lifestyle by leaving their original jurisdiction of residence and relocating to the CBI/RBI jurisdiction.[208] As of June 2026, 13 jurisdictions were identified as having CBI/RBI regimes in place that were potentially posing a high-risk to the integrity of the CRS.[209]

However, the indicator's scope of jurisdictions posing the highest risk is wider and different from the scope of jurisdictions flagged by the OECD for high risk of CRS avoidance. This is explained by two elements. First, while the jurisdictions flagged down by the OECD automatically receive the worst score on the component regarding lax citizenship/residency rules, our assessment under the indicator reveals additional jurisdictions with lax citizenship/residency rules. Second, of all these jurisdictions with lax citizenship/residency rules, those that are assessed as not having a personal income tax in place are considered the highest-risk jurisdictions for CRS and CARF avoidance under the indicator. In addition, because under the second component, we equate jurisdictions that have opted for 'voluntary secrecy' under the CRS to jurisdictions with no income tax in place, we again catch a larger number of jurisdictions than under the OECD's assessment. As a result, the indicator identifies a larger and different number of jurisdictions that potentially pose a high risk to the integrity of CRS than the number of jurisdictions identified by the OECD.

CRS avoidance usually occurs as follows. An account holder living in country A (but trying to remain hidden from the authorities of country A) obtains a golden visa or residency permit in country X and uses the new passport or a certificate of residency from country X to make the financial institution record 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 in the same jurisdiction as the financial institution, there is a greater probability that the person will be considered a non-reportable person.[210] This is because the CRS requires reporting only when the

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[207] According to the OECD, "Not all RBI/CBI schemes present a high risk of being used to circumvent the CRS. Schemes that are potentially high-risk for these purposes are those that give a taxpayer access to a low personal income tax rate of less than 10% on offshore financial assets and do not require significant physical presence of at least 90 days in the jurisdiction offering the CBI/RBI scheme." See OECD FAQ, available at https://www.oecd.org/en/topics/sub-issues/international-standards-on-tax-transparency/residence-citizenship-by-investment.html#high-risk.

[208] FATF and OECD, *Misuse of Citizenship and Residency by Investment Programmes*, Paragraphs 116-118.

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

[210] Francis Weyzig. *Defying the OECD's Crackdown on Tax Evasion*. Sept. 2017. URL: https://franciscweyzig.com/2017/09/24/defying-the-oecds-crackdown-on-tax-evasion/ [Visited on 03/05/2022].

account is held in a jurisdiction which is different from the account holder's tax residence.

Therefore, CBI and RBI programmes constitute a significant obstacle for the automatic exchange of information for tax purposes. Individuals seeking to evade taxes may have an incentive to falsely claim tax residency in jurisdictions that tax only domestic-source income, otherwise lack a comprehensive personal income tax systems, or do not levy personal income tax at all. As such, the selling of citizenship or residency schemes 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 does not 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 has opted for "voluntary secrecy" as listed in Annex A of the MCAA[211] (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.

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

[211] OECD. *Multilateral Competent Authority Agreement On Automatic Exchange Of Financial Account Information*. Tech. rep. 2014. URL: http : / / www . oecd . org / ctp / exchange - of - tax - information / multilateral-competent-authority-agreement.pdf [Visited on 01/04/2022].

Table 3.28. Assessment Logic: Golden visas

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
435	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 secrecy indicator on automatic exchange of information), and lax residency- or citizenship-by-investment rules: 100 secrecy score. Three intermediate scores for partial compliance (see Table 3.27).
374	Has the jurisdiction chosen "voluntary secrecy" (listed under the MCAA's Annex A to prevent receiving information) or otherwise committed to only send but not to receive information?	0: Yes; 1: No.	
489	Can individuals acquire citizenship, passports or residency status in exchange for passive investment or another payment without the need to meet minimum physical presence requirements?	0: Yes; 1: No.	

3.14 Foreign investment income

3.14.1 What is measured?

This indicator assesses whether a jurisdiction includes worldwide capital income in its income tax base and if it grants unilateral tax credits for foreign tax paid on certain foreign capital income. The types of capital income included are interest and dividend payments.

In the case of dividends, three different payment scenarios are considered.

1. Dividends received by an independent legal person.
2. Dividends received by a related legal person (shareholders hold at least 10 per cent).[212]
3. Dividends received by a natural person.

For interests, no distinction is made between an independent and related legal person (because no differences were found in regulations for this type of capital income payments). Thus, two different payment scenarios are considered.

1. Interest payments received by a legal person.
2. Interest payments received by a natural person.

A zero secrecy score is given if a jurisdiction grants unilateral tax credits for all payment scenarios and for both type of payments (dividends and interest). A secrecy score of 50 applies to jurisdictions which grant unilateral tax credits for all payment scenarios for one type of payment (dividend or interest). If unilateral tax credits are granted only in some payment scenarios, for each single payment scenario with a tax credit, the secrecy score is reduced by 10.

Accordingly, we have split this indicator into two components, and the overall secrecy score for this indicator is calculated by simple addition of these components. The secrecy scoring matrix is shown in Table 3.29, with full details of the assessment logic given in Table 3.30.

The secrecy score is not reduced where a jurisdiction does any of the following:

1. effectively exempts foreign income from domestic taxation, be it through:
   (a) a pure territorial tax system;
   (b) or through exemptions for

[212] Countries generally treat substantial shareholding (at least 10 per cent) more favourably than portfolio shareholding (less than 10 per cent), viewing substantial shareholding as a form of direct investment. Direct investment is more beneficial to the host economy due to its long-term commitment and economic spillovers. When a jurisdiction lowers the ownership threshold distinguishing substantial from portfolio shareholding, it actually increases the potential for revenue loss. Although ownership thresholds vary across countries—ranging from 3 per cent to 25 per cent—we use 10 per cent, which is widely used in double tax treaties, as a representative midpoint.

i. specific payments (such as dividends)

ii. specific legal entities (such as international business companies)

iii. specific individuals (such as non-doms or inward expatriates);

(c) exemption of income

i. unless income is remitted or

ii. if income is remitted;

(d) zero or near zero tax rates (eg on corporate income);

2. only offers the option to deduct foreign payments from the tax base;

3. provides no unilateral double taxation relief whatsoever.

Table 3.29. Scoring Matrix: Foreign investment income

Regulation	**Secrecy Score Assessment** [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Component 1: Dividends (50 points)	
No unilateral double taxation relief through a tax credit system	50
Unilateral double taxation relief through a tax credit system for one payment scenario (if recipient is either an independent or related legal person, or natural person)	40
Unilateral double taxation relief through a tax credit system for two payment scenarios (if recipient is either an independent and/or related legal person, and/or natural person)	30
Unilateral double taxation relief through a tax credit system for all three payment scenarios (recipients always receive a unilateral tax credit, regardless of whether s/he is an independent or related legal person, or a natural person)	0
Component 2: Interest (50 points)	
No unilateral double taxation relief through a tax credit system.	50
Unilateral double taxation relief through a tax credit system for one payment scenario (if recipient is either a legal person or a natural person)	40
Unilateral double taxation relief through a tax credit system for both payment scenarios (recipients always receive a unilateral tax credit, no matter if it is a legal person or a natural person)	0

The data has been collected primarily through the International Bureau for Fiscal Documentation's (IBFD) database (country analyses and country surveys).[213] In some instances, additional websites have also been consulted as well as reports of the Big Four accountancy firms.

3.14.2 Why is this important?

In a world of integrated international economic activity and cross-border financial flows, the question about who taxes what portion of income has become increasingly complex. A conflict exists between the emphasis on taxing the income where it arises (ie at source), or taxing it where its recipient resides.[214] A mixture of both principles is implemented in practice.

However, this may lead to instances of so-called double taxation, when both countries claim the right to tax the same income (tax base). While the concept of "double taxation" is theoretically plausible, evidence for real life occurrence is exceptionally rare,[215] especially since many countries have adopted unilateral relief provisions to avoid double taxation. In addition, countries also negotiate bilateral treaties to avoid double taxation, so-called double taxation avoidance agreements.

Assuming that cross-border trade and investment can be mutually beneficial, the problem of overlapping tax claims (double taxation) needs to be addressed in one of both ways because it hinders cross-border economic activity. Bilateral treaties are expensive to negotiate, and often impose a cost on the weaker negotiating country, which is frequently required to concede lower tax rates in return for the prospect of more investment.[216]

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[213] IBFD, *Tax Research Platform: Country Surveys, Country Analyses, Country Key Features*.

[214] Tax Justice Network. *Tax Justice Briefing. Source and Residence Taxation.* Tech. rep. Sept. 2005. URL: http://www.taxjustice.net/cms/upload/pdf/Source_and_residence_taxation_-_SEP-2005.pdf [Visited on 08/05/2022].

[215] Tax Justice Network. *Unitary Taxation: Our Responses to the Critics*. Tech. rep. Feb. 2013. URL: https://www.taxjustice.net/cms/upload/pdf/Unitary_Taxation_Responses-1.pdf [Visited on 08/05/2022], p.3.

[216] See, for instance: 1) Martin Hearson. *Measuring Tax Treaty Negotiation Outcomes: The ActionAid Tax Treaties Dataset*. Tech. rep. Brighton, 2016. URL: https://core.ac.uk/download/pdf/46172854.pdf [Visited on 10/04/2022]; 2) a comprehensive analysis of the Netherlands double tax treaty network, here: Katrin McGauran. *Should the Netherlands Sign Tax Treaties with Developing Countries?* Tech. rep. SOMO Centre for Research on Multinational Corporations, June 2013. URL: https://www.somo.nl/wp-content/uploads/2013/06/Should-the-Netherlands-sign-tax-treaties-with-developing-countries.pdf [Visited on 03/05/2022]; 3) the example of Switzerland renegotiating its double tax agreements with developing countries, here: Markus Meinzer. *The Creeping Futility of the Global Forum's Peer Reviews*. Tech. rep. Tax Justice Network, Mar. 2012. URL: http://www.taxjustice.net/cms/upload/GlobalForum2012-TJN-Briefing.pdf [Visited on 01/04/2022], pp.23-24, or for more details on this case (in German): Alliance Sud. *Schweizer Steuerabkommen Mit Entwicklungsländern: Fragwürdiger Druck Auf Quellensteuern*. Tech. rep. Mar. 2013. URL: https://silo.tips/download/fragwrdiger-druck-auf-quellensteuern [Visited on 03/05/2022]; 4) Eric Neumayer. 'Do Double Taxation Treaties Increase Foreign Direct Investment to Developing Countries?' *The Journal of Development Studies*, 43(8) Nov. 2007, pp. 1501–1519. URL: http://www.tandfonline.com/doi/full/10.1080/00220380701611535 [Visited on 06/05/2022]; and 5) Tsilly Dagan. *The Tax Treaties Myth*. SSRN Scholarly Paper ID 379181. Rochester, NY: Social Science Research Network, Mar. 2003. URL: https://papers.ssrn.com/abstract=379181 [Visited on 02/05/2022]. A full literature review on the relationship between double tax agreements, development, growth and FDI can be found (in German) here: Angelika Lorenz. *Meine Zeit, Mein Leben. Ein Kulturwissenschaftlicher Blick Auf Das Spannungsfeld von Zeitspielräumen.* Tech. rep. 2014. URL: https://unipub.uni-graz.at/obvugrhs/content/titleinfo/243042/full.pdf [Visited on 16/05/2022].

Home countries of investors or multinational companies usually offer unilateral relief from double taxation because they want to support outward investment.

They do this primarily through two different mechanisms:

(a) By exempting all foreign income from tax liability at home (exemption);

(b) By offering a credit for the taxes paid abroad on the taxes due at home (credit).

In most cases, it is a myth that bilateral treaties are necessary to provide relief from double taxation. Countries that are home to investors and transnationals typically offer provisions in their own laws to prevent or reduce double taxation.[217]

There is a third mechanism called "deduction" which is sometimes used to offer relief from double taxation. However, the deduction method does not offer full relief from double taxation. It allows deducting from foreign income (eg as a business expense) any taxes paid abroad before including this income in the domestic tax base. Therefore, we consider deduction to be similar to offering no mechanism for double taxation relief, since the incentives to conclude double tax agreements remain largely in place.

Where countries - especially capital exporting ones - refrain from providing unilateral relief, or only provide deduction of foreign taxes from the domestic tax base, they contribute to a problem of double taxation and thus indirectly exert pressure on capital importing countries to conclude bilateral treaties with the other country. These treaties in turn can expose capital importing countries to risks and disadvantages.

In addition, with more than 3,000 double tax treaties currently in operation, the system has become overly complex and permissive, encouraging corporations to engage in profit shifting, treaty shopping and other practices at the margins of tax

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[217] It must be conceded, however, that unilateral provisions to avoid double taxation are not as effective at preventing double taxation as double tax treaties. For instance, there may be cases in which the rules determining the residency of taxpayers conflict between countries, leading to both claiming residence and full tax liability of one legal entity or taxpayer. However, for a number of reasons, this argument is of limited relevance: a) these cases are the exception rather than the rule; b) pure economic "single taxation" is a theoretical concept derived from economic modelling that is only of limited value in real life. In many countries different types of taxes are levied on the same economic activity, for instance VAT is levied on the turnover of a company, then the profits stemming from the turnover are taxed through federal and state corporate income taxes, and in a third stage the investment income in form of dividends is again taxed in the hands of the shareholders. Nobody would reasonably speak about "triple taxation" in such a case. In a similar way, it is dubious to speak about double taxation in a cross-border context. To paraphrase Professor Sol Picciotto: "But double taxation is a dubious concept. First, it does not mean companies' tax bills doubling: it means that there may (rarely) be some overlap between states' taxing claims (think of this in terms of the overlap in a Venn diagram). Any overlap may result in a modestly higher overall effective tax rate, not a 'double' rate." Tax Justice Network, *Unitary Taxation: Our Responses to the Critics*. This "modestly higher overall effective tax rate" could be higher than the corporate tax rate of one particular country, but it may still be lower than another country's corporate tax rate. If one called this situation double taxation, then this implies speaking about double taxation also in situations in which two unrelated companies operate in two different countries, with one country levying twice as high a corporate tax rate as the other country. This, of course, is nonsense and reveals the dubious and theoretically flawed nature of the concept of double taxation.

evasion.[218] This is the context in which we review unilateral mechanisms to avoid double taxation in the first place. However, not all such mechanisms are equally useful.[219]

When using a unilateral exemption mechanism to exempt all foreign income from liability to tax at home, the residence country may be forcing other jurisdictions to compete for inward investment by lowering their tax rates. Because investors or corporations will not need to pay any tax back home on the profit they declare in the foreign jurisdiction (source), they will look more seriously at the tax rates offered. This encourages countries to reduce tax rates on capital income paid to non-residents, such as withholding taxes on payments of dividends and interest.

Many countries provide tax exemption on capital income payable to non-residents, especially on interest payments on bank deposits and government debt obligations, or dividends. This may have an important collateral effect: countries not offering an exemption mechanism to their residents nonetheless may see their resident taxpayers move their assets and legal structures (such as holding companies) into those countries where capital income is not taxed or taxed lowly. By doing so, and because information sharing between states is weak, taxpayers can easily evade the taxes due at home on their foreign income. As a consequence, a country offering low or no taxes to non-residents promotes tax evasion in the rest of the world.

To summarise the logic:

First, unilateral tax exemption on foreign income puts pressure on source countries to reduce tax rates on investments by non-residents in a process of tax war (or competition).[220] Second, citizens and corporations from other countries make use of the low tax rates by shifting assets into these low-tax countries for the purpose of committing tax evasion. Third, in the medium term, the tax exemption of foreign income acts as an incentive for ruinous tax wars that will eventually lead to the non-taxation of capital income.

In contrast, a unilateral tax credit system does not promote tax evasion and does not incentivise the host countries of investments to lower their tax rates. A tax credit system requires that income earned abroad must be taxed at home as if it

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[218] See Sol Picciotto. *Towards Unitary Taxation of Transnational Corporations*. Tech. rep. Tax Justice Network, 2012. URL: http://www.taxjustice.net/cms/upload/pdf/Towards_Unitary_Taxation_1-1.pdf [Visited on 08/05/2022]. For ways to address these issues, and the various reports of the BEPS Monitoring Group: BEPS Monitoring Group. *The BEPS Monitoring Group*. URL: https://www.bepsmonitoringgroup.org [Visited on 02/05/2022].

[219] We are not looking at deduction in more detail because deduction of foreign taxes from domestic tax bases only provides partial relief from double taxation whereas the credit and exemption method both have in principle the capacity to completely avoid double taxation. For more details about the exemption and credit method, see for instance: United Nations. *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries 2019*. 2019. URL: https://www.un.org/esa/ffd/wp-content/uploads/2019/06/manual-bilateral-tax-treaties-update-2019.pdf [Visited on 16/09/2024], pp.19-22.

[220] For a background on the terminology around tax competition and tax wars, see: Nicholas Shaxson. *Tax Havens Meet Monopoly Power: Why National Competitiveness Harms Competition*. Aug. 2021. URL: https://taxjustice.net/2021/08/12/tax-havens-meet-monopoly-power-why-national-competitiveness-harms-competition/ [Visited on 16/05/2022].

was earned at home, unless it has already been taxed abroad. In the latter case, the effective amount of tax paid abroad on the income will be subtracted from the corresponding amount of tax due at home.

Therefore, for an investor the tax rate in a host country is no longer relevant to her investment decisions. Countries wishing to attract foreign investment will not feel compelled to lower the tax rates in the hope of increasing their stock of foreign investment. As a result, the tax evading opportunities of investors are reduced because fewer countries offer zero or very low taxation on capital income. [221]

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

[221] For more information, see the way Reuven Avi-Yonah describes how the USA's adoption of a unilateral tax credit in 1918 has "led to a cooperative outcome that prevents double taxation and maximizes world welfare". Reuven S. Avi-Yonah. 'Globalization, Tax Competition, and the Fiscal Crisis of the Welfare State'. *Harvard Law Review*, 113(7) 2000, pp. 1573–1676. URL: https : / / repository . law . umich.edu/cgi/viewcontent.cgi?article=1049&context=articles [Visited on 27/05/2025].

Table 3.30. Assessment Logic: Foreign investment income

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
552	Are there any (local) unilateral tax credits available for foreign taxes paid by resident companies when receiving dividends from a foreign independent company (less than 10 per cent controlled by the payee) or is foreign portfolio dividend income effectively tax-exempt?	0: None. There is no unilateral relief from double taxation. 1: Deduction. 2: Credit. 3: Exemption.	Answer preset 2 is chosen: 3x: 0 points 2x: 30 points 1x: 40 points 0x: 50 points
555	Are there any (local) unilateral tax credits available for foreign taxes paid by resident companies when receiving dividends from a foreign related company (at least 10 per cent controlled by the payee) or is foreign dividend income from substantial holdings effectively exempt?	0: None. There is no unilateral relief from double taxation. 1: Deduction. 2: Credit. 3: Exemption.	
558	Are there any (local) unilateral tax credits available for foreign taxes paid by resident individuals when receiving dividends from a foreign company or is foreign dividend income effectively tax-exempt?	0: None. There is no unilateral relief from double taxation. 1: Deduction. 2: Credit. 3: Exemption.	
553	Are there any (local) unilateral tax credits available for foreign taxes paid by resident companies when receiving foreign interest income or is foreign interest income effectively exempt?	0: None. There is no unilateral relief from double taxation; 1: Deduction; 2: Credit; 3: Exemption.	Answer preset 2 is chosen: 2x: 0 points 1x: 40 points 0x: 50 points
559	Are there any (local) unilateral tax credits available for foreign taxes paid by resident individuals when receiving foreign interest income or is foreign interest income effectively tax-exempt?	0: None. There is no unilateral relief from double taxation. 1: Deduction. 2: Credit. 3: Exemption.	

3.15 Public statistics

3.15.1 What is measured?

This indicator measures the degree to which a jurisdiction makes publicly available ten relevant statistical datasets about its international financial, trade, investment and tax position. Accordingly, we have split this indicator into ten equally weighted subcomponents. Public availability of data on each of these statistics (or equivalent data) in a timely fashion reduces the overall secrecy score on this indicator by 10 points.

Note that in each case, we identify the standard international data source, but this indicates only the level of disclosure expected, not the means.

Table 3.31. Scoring Matrix: Public statistics

Component		**Sub-Component / Source(s)**	**Secrecy Score Assessment** [Sum; 100 = full secrecy; 0 = full transparency]
Stock or flow	**Sub-category**		
Trade	Goods	(1) Bilateral trade in goods (UN Comtrade or equivalent, and/or more disaggregated version)	10
	Services	(2) Bilateral trade in services (in UNCTADstat, and/or more disaggregated version)	10
	Financial services	(3) Trade in financial services (component of IMF Balance of Payments Statistics)	10
Investment	Portfolio	(4) Portfolio Investment Positions by Counterpart Economy dataset (IMF formerly Coordinated Portfolio Investment Survey, CPIS)	10
	Direct	(5) Direct Investment Positions by Counterpart Economy dataset (IMF formerly Coordinated Direct Investment Survey, CDIS)	10
Bank assets	BIS locational	(6) Cross-border bank deposits (Bank for International Settlements Locational Banking Statistics, Table A2.1)	10
	National Bilateral	(7) National bilateral country level breakdown of cross-border bank deposits (Bank for International Settlements Locational Banking Statistics, Table A6.2)	10
	AEoI aggregates (CRS)	(8) CRS Aggregates (data on information exchanged under the Common Reporting Standard (CRS) equivalent to that described on pages 8-12 in the Tax Justice Network's statistics template)	10

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Component		Sub-Component / Source(s)	Secrecy Score Assessment [Sum; 100 = full secrecy; 0 = full transparency]
CBCR	OECD standard	(9) CBCR Aggregates (Aggregates of all domestically filed country by country reports (CBCR) filed by multinational companies under OECD BEPS Action 13, see Annex III of Chapter V, pages 29-30)	10
GDP	UN or World Bank	(10) GDP published in a timely fashion online for free by the UN or the World Bank	10

3.15.2 Why is this important?

The public statistics being assessed here provide, in total, a comprehensive overview of a jurisdiction's economic and financial engagement with the broader world. Crucially, bilateral disaggregation ensures that the data offers valuable insights broken down for every partner jurisdiction. In this way, the data can be considered the most basic quid pro quo for access to the benefits of economic and financial globalisation: a minimum level of transparency, affirming that each jurisdiction is committed to acting appropriately and not taking advantage of its global neighbours.

Of the ten statistics, three relate to trade. First among these is the long-established international bilateral series on physical trade in goods (ID 426), which is organised by commodity, including price and quantity (typically through the UN Comtrade). While falling short of transaction-level data, this variable allows tracking of major anomalies in import and export values and supports a clear understanding of global patterns of trade. Similar data for trade in services (ID 427) is available from UNCTADstat, albeit with more limited details.

Important complementary data for trade in goods is that on merchanting and transit trade (ID 428) – the provision of services in support of trade between jurisdictions (requiring bilateral breakdown for major partners covering at least the majority of trade), ensuring transparency both about ultimate destinations and about any profit-stripping or other price abnormalities at this stage.

There are four additional variables related to financial positions: bilateral statistics on portfolio investment stocks (ID 430) and direct investment stocks (ID 431), plus total (ID 432) and bilaterally disaggregated cross-border banking liabilities (ID 433). Together, these statistics provide a comprehensive overview of the positions of jurisdictions to inward and outward investment and bank holdings.

Two statistics relate to the degree of public information around two key measures of financial transparency. The first measure assesses whether jurisdictions

provide aggregate information about the (bilateral) volumes of assets about which they cooperate in the automatic exchange of accounting information under the Common Reporting Standard (CRS) of the OECD (ID 425). This aggregate information would not breach any privacy laws as no information would be published on individual accounts. Aggregate numbers of this kind have already been published by the tax administration offices of some countries.

The second measure assesses whether jurisdictions publish anonymised and aggregated information from country by country reports of multinational companies (ID 434). The OECD first published this data in July 2020 and continues to release corporate tax statistics on an annual basis.[222] While this data is subject to several important data limitations[223], it represents an important source of data on the global tax and economic activities of multinational enterprise groups are headquartered. The aggregated data is of significant importance and use for developing countries that so far have not been able to join the OECD BEPS Action 13 country by country reporting, due to capacity constraints or lack of confidentiality standards. For this id, we credit zero secrecy score to countries that are included in this dataset, only if the aggregate data they publish is on an individual country basis. Countries that publish the data on a continent basis, by region or by combining all foreign jurisdictions, receive the maximum secrecy score. No intermediate score is considered. While the OECD claims that the level of data disaggregation provided by countries is subject to the data confidentiality standards applicable in each reporting jurisdiction, there is no agreed and consistent standard on what constitutes sufficiency for the sake of confidentiality. As a result, countries vary significantly on the level of of data disaggregation, often regardless of the number of multinational enterprises operating within their territory. As such, the aggregation reporting level - eg breakdown per country, continent or all foreign countries - is open for abuse by countries that choose to disclose only the bare minimum. Given that aggregated information (from country by country reports) which is not published on a country basis is hardly useful for any meaningful analysis of cross-border multinationals' activities, we reward only the country level breakdown of such data.

In addition, even in cases where the reported aggregated data is zero (ie when countries might not host any large multinational corporations that would report into this dataset), we would still expect these jurisdictions to report zeros (which is a valuable information) rather than not publishing anything (in which case there is no way of knowing whether there are no multinational corporations or whether

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[222] OECD. *Corporate Tax Statistics Database*. URL: https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-database.htm [Visited on 05/03/2022].

[223] Some of the limitations include inaccurate representation of the way items are reported for tax purposes and a risk of double-counting of profit figures. For a more detailed list of limitations, see [p.76-77] OECD. *Corporate Tax Statistics - Anonymised and Aggregated Country-by-Country Reporting Data - Frequently Asked Questions*. July 2024. URL: https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/corporate-taxation/corporate-tax-statistics-country-by-country-reporting-faqs.pdf [Visited on 18/09/2024] and Javier Garcia-Bernardo et al. 'Multinational Corporations and Tax Havens: Evidence from Country-by-Country Reporting'. *International Tax and Public Finance* 2021. URL: https://doi.org/10.1007/s10797-020-09639-w [Visited on 08/05/2022].

the country has chosen not to publish the data at all). Countries which do not report any data, receive the maximum secrecy score on this id.

The last measure focuses on the online publication of GDP data, aimed to capture the relative economic scale and the potential for impact based on GDP. Jurisdictions that do not publish data on their GDP in the most commonly used international databases used by researchers are often excluded from studies, effectively hiding their role in the global economy.

The above ten measures of statistics, which form this secrecy indicator identify, are those we consider the minimum statistical data on international financial, trade, investment and tax positions that is likely to provide the public with both an overall perspective on progress, and the means to hold individual jurisdictions and/or tax authorities to account for their performance.

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 3.32. Assessment Logic: Public statistics

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
425	Are aggregates of the data reported under CRS published in a timely fashion (without identifying any specific person or account) online for free?	0: Yes, broken down by country of origin; 1: Yes, but without country level breakdown; 2: No.	If answer (0 or 1), then 0; otherwise 10
426	Does the jurisdiction participate in the UN COMTRADE database?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
427	Is data on bilateral trade in services published in a timely fashion online for free in the UNCTADStat database?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
428	Is data on trade in financial services published in a timely fashion via IMF's Balance of Payments Statistics?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
430	Does the jurisdiction participate in the Portfolio Investment Positions by Counterpart Economy dataset (formerly Coordinated Portfolio Investment Survey, CPIS) of the IMF and is the data published in a timely fashion?	0: No; 1: Yes.	If answer Y: 0; otherwise 10

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
431	Does the jurisdiction participate in the Direct Investment Positions by Counterpart Economy dataset (formerly Coordinated Direct Investment Survey, CDIS) of the IMF and is the data published in a timely fashion?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
432	Does the jurisdiction participate in the locational banking statistics of the Bank for International Settlements (BIS), and is the data published in a timely fashion?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
433	Is data on national bilateral banking liabilities published with country level breakdowns of the countries of origin (equivalent to Bank for International Settlements (BIS) locational banking statistics, tables A5-A7)?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
434	Are global country-by-country reporting aggregates pursuant to OECD BEPS Action 13 (Annex III of Chapter V, pages 29-30) of all multinational corporate groups with domestic headquarters, published in a timely fashion, online for free and reported on a country basis?	0: No; 1: Yes.	If answer Y: 0; otherwise 10
452	Is data on the jurisdiction's GDP published in a timely fashion online for free by the UN or the World Bank?	0: No; 1: Yes.	If answer Y: 0; otherwise 10

3.16 Tax rulings and extractive industries' contracts

3.16.1 What is measured?

This indicator measures whether a jurisdiction issues unilateral cross-border tax rulings, and if these are at least published online in full text and with the name(s) of the taxpayer(s); and for jurisdictions with extractive industries, whether extractive industries contracts are published. Accordingly, we have split this indicator into two components:

1. **Component 1: Unilateral cross-border tax rulings**. We assess whether a jurisdiction dispenses with issuing unilateral cross-border tax rulings; or if at least all unilateral cross-border tax rulings are published online for free, with full text and the names of the taxpayers, or if some are made available upon payment of a fee in a redacted form or anonymised.
2. **Component 2: extractive industries' contracts**. We assess whether a jurisdiction publishes extractive industries (mining and petroleum) contracts online for free.

For jurisdictions with substantial extractive industries (as defined by the Natural Resource Governance Institute)[224], we assess components 1 and 2 on an equal basis so that each contributes 50 points to the overall score. Table 3.33 below summarises the applicable assessment components.

Table 3.33. Applicable Scoring Logic

Substantial extractive sector?	Components for Assessment (each with max 50 points secrecy score)
No	Component 1 only is considered, and the score is duplicated to give the secrecy score.
Yes	Components 1 and 2 are both considered and the secrecy score is based on the simple addition of both.

Component 1: Unilateral cross-border tax rulings

A tax ruling is understood broadly in line with the OECD's definition, which includes "any advice, information or undertaking provided by a tax authority to a specific taxpayer or group of taxpayers concerning their tax situation and on which they are entitled to rely".[225] The definition of cross-border tax rulings is

[224] The Natural Resource Governance Institute maintains a Contract Disclosure Practice and Policy Tracker The Natural Resource Governance Institute. *Contract Disclosure Practice and Policy Tracker*. Mar. 2021. URL: https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=0 [Visited on 22/04/2022].

[225] OECD. *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*. Tech. rep. OECD, Oct. 2015. URL: https://www.oecd.org/en/publications/countering-harmful-tax-practices-more-effectively-taking-into-account-transparency-and-substance-action-5-2015-final-report_9789264241190-en.html [Visited on 03/05/2022].

similar to, but not entirely the same as the European Union's definition in its directive on administrative assistance. This directive provides for the automatic information exchange of advance cross-border rulings and advance pricing arrangements.[226] The tax rulings covered by the scope of this indicator are a subset of these rulings, as they only comprise those with a cross-border element and those issued by the tax authority to specific taxpayers (rather than the public at large). The scope of our indicator covers the following six categories of rulings included under the spontaneous information exchange framework of the OECD's Base Erosion and Profit Shifting Project Action 5:

> ... (i) rulings relating to preferential regimes; (ii) unilateral advance pricing agreements (APAs) or other cross-border unilateral rulings in respect of transfer pricing; (iii) cross-border rulings providing for a downward adjustment of taxable profits; (iv) permanent establishment (PE) rulings; (v) related party conduit rulings; and (vi) any other type of ruling agreed by the FHTP [Forum on Harmful Tax Practices] that in the absence of spontaneous information exchange gives rise to BEPS concerns.[227]

Unilateral cross-border tax rulings refer to private rulings applicable to individual taxpayers and singular cases. These are not the same as generally applicable decisions, guidance notes or other binding interpretation of tax law issued publicly by the tax administration through circulars, regulations or similar administrative acts.

It is essential to differentiate unilateral cross-border tax rulings from bilateral or multilateral advance pricing arrangements. These advance pricing arrangements involve a priori agreement by all tax administrations of all jurisdictions involved in a cross-border transaction for which the agreement is sought.[228] In contrast, unilateral cross-border tax rulings or unilateral advanced pricing agreements (hereinafter together referred to as "unilateral cross-border tax rulings") do not

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[226] For a comparison with the actual text in the directive amending the relevant directive on administrative cooperation (EC 2011/16/EU), see Art. 1(1)(b)(14 and 16) ofEuropean Parliament and Council of the European Union. *Council Directive (EU) 2015/2376 of 8 December 2015 Amending Directive 2011/16/EU as Regards Mandatory Automatic Exchange of Information in the Field of Taxation*. Dec. 2015. URL: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2376&from=EN [Visited on 03/05/2022].

[227] OECD. *Harmful Tax Practices - Peer Review Reports on the Exchange of Information on Tax Rulings*. OECD/G20 Base Erosion and Profit Shifting Project. OECD Publishing, Dec. 2017. URL: http://www.oecd-ilibrary.org/taxation/harmful-tax-practices-peer-review-reports-on-the-exchange-of-information-on-tax-rulings_9789264285675-en [Visited on 07/05/2022], p.9.

[228] Advance pricing arrangements have their roots in international tax norms for the avoidance of double taxation. Here, we define an advance pricing arrangement as always involving all affected jurisdictions. That is, advance pricing arrangements always involve bi- or multi-lateral negotiation. This definition is similar, but not identical to the definition used by the OECD in its Transfer Pricing Guidelines as updated in 2010.OECD. *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*. Tech. rep. Aug. 2010. URL: https://www.oecd-ilibrary.org/taxation/oecd-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations-2010_tpg-2010-en [Visited on 12/05/2022], pp.169-172 Whilst no explicit reference to advance pricing arrangements is made in the OECD Model Convention of 2008 (including the commentary), the Commentary to the UN Model Convention of 2011 refers to advance pricing arrangements concerning information exchangeUnited Nations. *United Nations Model Double Taxation Convention between Developed and Developing Countries (2011 Update)*. Tech. rep. New York, 2011. URL: https://www.un.org/esa/ffd/wp-content/uploads/2014/09/UN_Model_2011_Update.pdf [Visited on 12/05/2022].

require, per se, prior agreement with another tax administration. For this indicator, only unilateral cross-border tax rulings are considered, representing the highest risk for abusive tax practices.

Whenever no formal system exists for the issuance of unilateral cross-border tax rulings, we consider them not available unless we find more evidence that ruling issuance is an established practice. Jurisdictions that do not issue unilateral cross-border tax rulings (but impose income tax) receive the lowest secrecy score of zero out of 100 points (or out of 50 points where both indicator components are assessed).

To assess if unilateral cross-border tax rulings are available, we consider the OECD's peer reviews on harmful tax practices[229] as the prevailing source. If according to the OECD, cross-border tax rulings exist, we assess the jurisdiction as able to issue rulings.[230] In cases where the OECD states that there are no binding rulings, we apply the OECD's assessment unless we find another source that states rulings are available. In this case, the assessment will be left as "unknown" due to conflicting information. We have carried out additional research in cases where the OECD does not assess a jurisdiction. If the International Bureau of Fiscal Documentation[231] indicates that there are rulings, this is applied, and where there is a contradictory source, we assess it as unknown.

Where a jurisdiction issues unilateral cross-border rulings, it is assessed as being able to issue rulings, whether these rulings are considered binding or not. This is because the binding nature of tax rulings is a grey area. Even if rulings are not strictly binding, private sector tax advisers may have sufficient legal certainty to market the tax positions because of the low risks of litigation about those tax positions. In the absence of full disclosure of all rulings, we cannot assess the impact of their legal effect, and therefore, a jurisdiction is scored as being able to issue rulings.

Jurisdictions that issue unilateral cross-border tax rulings but do not make these available online in all cases (for instance, they make available only some of the tax rulings) receive the highest secrecy score of 100 points (or 50 points where both indicator components are assessed). If only minimal information is available online (eg a summary or a redacted version of the text), jurisdictions are scored 80 points (or 40 where both components are assessed). Where all tax rulings are available online in full text but are anonymised, that is, the name(s) of the taxpayer(s) involved are redacted; or when the published tax rulings include the name(s) of the taxpayer(s) but not the full text of the tax ruling, then the score is

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[229] OECD. *Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*. Tech. rep. Dec. 2021. URL: https://www.oecd.org/tax/beps/harmful-tax-practices-2020-peer-review-reports-on-the-exchange-of-information-on-tax-rulings-f376127b-en.htm [Visited on 27/04/2022].

[230] Given the OECD's assessment is based on jurisdictions' surveys, we assume jurisdictions are motivated to disclose the OECD they have a tax ruling regime in place.

[231] IBFD, *Tax Research Platform: Country Surveys, Country Analyses, Country Key Features*.

60 points (or 30 where both components are assessed). In cases where the full text of all tax rulings is available online and all tax rulings include the name(s) of the taxpayer(s) concerned, then the jurisdiction receives a lower secrecy score of 20 points (or 10 where both components are assessed).

The data for this component was collected from several sources including country analyses and country surveys in the International Bureau of Fiscal Documentation's database,[232] the OECD's peer reviews on harmful tax practices,[233] studies commissioned by the European Union,[234] jurisdictions' relevant regulations and where available, a response by ministries of finance of the jurisdictions we assess to the surveys we disseminate. In some instances, we have also consulted additional websites, academic journals, and the reports of accountancy firms and other local websites.

Component 2: Extractive industries contract disclosure

Extractive industries' contracts include contracts for both mining and petroleum. The focus of this indicator is on the contracts that are signed between governments or state-owned companies for publicly held natural resources and companies (individual companies or those working in a consortium). Sometimes referred to as "primary contracts", these contracts can take several forms or a combination: concession, licence, production sharing and service agreements, along with shareholders' agreements where the government has an equity stake.[235] This indicator is not concerned with contracts that are signed between private parties, such as between the oil company and a company providing transport services.

Contract disclosure is assessed for either mining or petroleum as per the Natural Resource Governance Institutes' contract disclosure tracker.[236] The inclusion of information for either petroleum or mining or both for jurisdictions is also based on the information included in the Resource Governance Index.

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[232] IBFD, *Tax Research Platform: Country Surveys, Country Analyses, Country Key Features*.

[233] OECD. *Harmful Tax Practices - 2018 Progress Report on Preferential Regimes: Inclusive Framework on BEPS: Action 5*. OECD/G20 Base Erosion and Profit Shifting Project. 2019. URL: https : / / doi . org / 10 . 1787 / 9789264311480 - en [Visited on 20/05/2019]; OECD, *Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings*.

[234] European Commission. *State Aid: Tax Rulings*. 2021. URL: https : / / ec . europa . eu / competition / state_aid/tax_rulings/index_en.html [Visited on 03/05/2022]; Elly Van de Velde. *'Tax Rulings' in the EU Member States*. Tech. rep. Brussels, 2015. URL: http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/563447/IPOL_IDA(2015)563447_EN.pdf [Visited on 08/05/2022].

[235] Peter Rosenblum and Susan Maples. *Contracts Confidential: Ending Secret Deals in the Extractive Industries*. New York, NY: Revenue Watch Institute, 2009, p.19.

[236] The tracker The Natural Resource Governance Institute, *Contract Disclosure Practice and Policy Tracker* includes information for a) countries included in the Natural Resource Governance Institute's Resource Governance Index 2017, b) all countries reported in the Extractive Industries Transparency Initiative since December 2016 including some that have withdrawn membership or were delisted, and finally, c) several other countries are included in the tracker that are added on an ad hoc basis, including new and upcoming producers or countries that the Natural Resource Governance Index is working in, for example, Lebanon (Email communication with Rob Pitman, Natural Resource Governance Institute, 28.01.2019).

Jurisdictions that disclose all or nearly all contracts[237] online and for free, with a requirement for disclosure in law, are considered fully transparent and pose a minimum tax spillover risk. They receive the lowest secrecy score of zero out of 50 points. Contract disclosure must be supported by a legal requirement for disclosure, which can be established through a clause in legislation, regulations, or a ministerial decree. To reflect this, a jurisdiction receives a slightly higher secrecy score of 10 points in case all or nearly all contracts are disclosed in practice but there is no requirement in the law to disclose contracts.

At the other end of the spectrum, jurisdictions pose the greatest tax avoidance risk where contracts are not available for free online, and there is no legal requirement for disclosure. These jurisdictions receive the highest score for this component. Jurisdictions that have a legal requirement for contract disclosure but in practice do not disclose any contracts online receive a slightly lower component score.

Jurisdictions that disclose only some contracts[238] receive a reduced component score of 20 points if disclosure is required by law and 30 points if there is no legal requirement for contract disclosure.

Finally, the weakest link principle is applied when we assess contract disclosure in both mining and petroleum sectors. For example, suppose a country discloses all or nearly all petroleum contracts in practice and this is required by law but does not disclose mining contracts or this is not required by law. In that case, the country is assessed as having no extractive industries contracts disclosed in practice or by law and, therefore, would receive a secrecy score of 50 points.

The scoring matrix is shown in Table 3.34, with full details of the assessment logic given in Table 3.35, below.

[237] 'All or nearly all' is the categorisation used by the Natural Resource Governance Institute The Natural Resource Governance Institute, *Contract Disclosure Practice and Policy Tracker* as not every contract online has been checked (email communication with Rob Pitman, Natural Resource Governance Institute, 25.01.2019). This would also require countries to publish a comprehensive list of all contracts and licences issued.

[238] 'Some' is the categorisation used in the Natural Resource Governance Institute's Contract Disclosure Practice and Policy tracker The Natural Resource Governance Institute, *Contract Disclosure Practice and Policy Tracker*. It is used to refer to jurisdictions where at least one contract has been disclosed (email communication with Rob Pitman, Natural Resource Governance Institute, 25.01.2019).

Table 3.34. Scoring Matrix: Tax rulings and extractive industries' contracts

Regulation		Secrecy Score Assessment [100 = maximum risk; 0 = minimum risk]
Component 1 (default): Unilateral cross-border tax rulings (50 points if component 2 is also assessed; otherwise 100 points)		
Tax rulings are issued	**Not all tax rulings are published online (if any)** Only some or no unilateral cross-border tax rulings can be accessed online, or unknown, or the jurisdiction does not apply income tax.	Where both components are assessed: 50 each. Where only component 1 is assessed: 100
	Minimal information on tax rulings published online All unilateral cross-border tax rulings are published online, but in a reduced version and without the name(s) of the taxpayer(s) concerned.	Where both components are assessed: 40 Where only component 1 is assessed: 80
	All tax rulings are published in full text, but anonymised All unilateral cross-border tax rulings are published online in their full text, but without the name(s) of the taxpayer(s) concerned. **Or** **All tax rulings are published with the name(s) of the taxpayer(s), but not in full text** All unilateral cross-border tax rulings are published online, including the name(s) of the taxpayer(s) concerned but only in a reduced version.	Where both components are assessed: 30 Where only component 1 is assessed: 60
	All tax rulings published online in full text with the name(s) of the taxpayer(s) All unilateral cross border tax rulings are published online, in full text, including the name(s) of the taxpayer(s) concerned.	Where both components are assessed: 10 Where only component 1 is assessed: 20
No tax rulings issued No unilateral cross-border tax rulings are available in the jurisdiction and the jurisdiction applies income tax.		0

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Regulation		Secrecy Score Assessment [100 = maximum risk; 0 = minimum risk]
Component 2: Extractive industries contract disclosure (50 points where applicable): petroleum or mining (where both sectors exist, the assessment of most secretive sector is considered)		
	Contract disclosure not required by law No legal requirement exists that requires contract disclosure	**Contract disclosure required by law** A legal requirement exists that requires contract disclosure
No extractive industries contracts published Extractive industries contracts cannot be accessed online, or unknown	50	45
Only some extractive industries contracts published While some extractive industries contracts are available online, not all or nearly all are available online	30	20
All or nearly all extractive industries contracts published All or nearly all extractive industries contracts as available publicly online	10	0

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

3.16.2 Why is this important?

Component 1: Unilateral cross-border tax rulings

The inherently problematic nature of unilateral cross-border tax rulings was widely exposed during the Lux Leaks scandal of 2014. As part of the subsequent investigations by the European Commission for Competition, it was determined that some of these rulings conflicted with the European Union's state aid rules and, therefore, were illegal.[239] European Union member states, including Belgium, Luxembourg, Ireland, and the Netherlands, later appealed the European

[239] European Commission, *State Aid: Tax Rulings*.

Commission's decision.[240] In the statement released in 2020 by then Executive Vice President of the European Commission Margrethe Vestager, on announcing the appeal against the decision regarding Ireland, she said:

> Making sure that all companies, big and small, pay their fair share of tax remains a top priority for the Commission. The General Court has repeatedly confirmed the principle that, while Member States have competence in determining their taxation laws, they must do so in respect of EU law, including State aid rules. If Member States give certain multinational companies tax advantages not available to their rivals, this harms fair competition in the European Union in breach of State aid rules. We have to continue to use all tools at our disposal to ensure companies pay their fair share of tax. Otherwise, the public purse and citizens are deprived of funds for much needed investments – the need for which is even more acute now to support Europe's economic recovery.[241]

These episodes have revealed that some tax authorities, help companies to avoid tax if not illegally, then at least questionably. The sums involved are gigantic. Apple alone has been ordered to pay an additional €13 billion, and despite Ireland's appeal, the European Court of Justice gave final judgement in the matter confirming the Commission's decision that unilateral tax rulings granted to the Apple Group consisted of unlawful aid, which Ireland must recover.[242]

As the Lux Leaks scandal has made amply clear, the practice of unilaterally issuing binding tax rulings for individual taxpayers distorts the market by benefiting specific large companies over others, often smaller competitors who neither can obtain nor know about the possibility of receiving similar treatment. Beyond concerns around fair market competition, a core tenet for the rule of law is jeopardised if there is an exit option from equal treatment before the (tax) law. The 2021 LuxLetters investigation[243] has demonstrated that:

> Luxembourg began efforts in 2014 to meet EU and OECD rules on exchanging information with other countries about its corporate tax rulings. However, it is now revealed that shortly after this, many of Luxembourg's accounting and law firms engaged with the tax authority to establish "information letters" about the tax planning of multinational corporations. These information letters effectively fulfil

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[240] Peter Hamilton. 'State Recovers €14.3bn from Apple over Alleged State Aid'. *The Irish Times* Sept. 2018. URL: https://www.irishtimes.com/business/technology/state-recovers-14-3bn-from-apple-over-alleged-state-aid-1.3633191 [Visited on 03/05/2022].

[241] European Commission. *Statement by EVP Margrethe Vestager: Apple State Aid Case*. Sept. 2020. URL: https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_20_1746 [Visited on 03/05/2022].

[242] Javier Espinoza et al. *Apple Must Pay €13bn in Back Taxes, Top EU Court Rules*. Sept. 2024. URL: https://www.ft.com/content/d6b7d0fd-a41b-45a9-a830-9cacb10c5151 [Visited on 19/09/2024].

[243] Maxine Vaudano et al. '« LuxLetters » : la nouvelle astuce pour contourner la transparence fiscale au Luxembourg'. *Le Monde.fr* July 2021. URL: https://www.lemonde.fr/evasion-fiscale/article/2021/07/01/luxletters-la-nouvelle-astuce-pour-contourner-la-transparence-fiscale-au-luxembourg_6086592_4862750.html [Visited on 29/04/2022].

the same purpose as tax rulings – but crucially, were deemed to be outside of the scope of the information exchange rules and so were not reported as rulings, according to sources familiar with the practice.

Importantly, however, this too is prohibited under EU rules and is likely illegal also under OECD rules. Any type of tax agreements – even if not demonstrably legally binding – must be exchanged with European tax authorities.[244]

The discussion around the publicity of tax rulings has a historical precedent. Similar to tax rulings, so-called private letter rulings issued by the US tax administration were (and continue to be) made public in 1977 after the non-governmental organisation Tax Analysts took the Internal Revenue Service to court over this practice in 1972. Private letter rulings gained traction in the 1940s and were criticised for facilitating favouritism. A few privileged law firms were effectively guardians of this kind of privatised law, which allowed them to build libraries of privatised tax law and interpretation, giving them an edge over smaller firms.[245] However, since 1991, the US has provided the option of so-called "unilateral advance pricing arrangements" [APAs], which may include cross-border transfer pricing issues and are not public.[246]

We do not consider it acceptable if jurisdictions publish no or only some tax rulings as the discretion granted to tax authorities about what to disclose may be used unproperly to conceal some rulings. At the same time, while we recognise that publishing some information on all tax rulings allows users to know the number of rulings issued by each jurisdiction and maybe also the concerned taxpayers, anything short of publishing the full text of a tax ruling is of limited use. This is because, with just an extract or summary of the ruling, it is difficult to understand the ruling itself and the decision-making and planning that went into agreeing on the tax ruling. The European Court of Auditors confirms the problem concerning the summary tax rulings that are exchanged between member states: "the summary of uploaded rulings sometimes lacked sufficient

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[244] Tax Justice Network. *EU and OECD Half-Measures Fail to Detect Luxembourg's Shadow Tax Rulings*. July 2021. URL: https://taxjustice.net/press/eu-and-oecd-half-measures-fail-to-detect-luxembourgs-shadow-tax-rulings/ [Visited on 29/04/2022].

[245] See Markus Meinzer. *Steueroase Deutschland: Warum Bei Uns Viele Reiche Keine Steuern Zahlen*. Munich: C.H.Beck, 2015. See also Thomas R. III Reid. 'Public Access to Internal Revenue Service Rulings'. *George Washington Law Review*, 41(1) 1972, p. 23. URL: https://heinonline.org/HOL/LandingPage?handle=hein.journals/gwlr41&div=10&id=&page= and Yehonatan Givati. *Resolving Legal Uncertainty: The Unfulfilled Promise of Advance Tax Rulings*. SSRN Scholarly Paper ID 1433473. Rochester, NY: Social Science Research Network, June 2009. URL: https://papers.ssrn.com/abstract=1433473 [Visited on 03/05/2022].

[246] Although the IRS states a "Preference for Bilateral and Multilateral APAs" over unilateral ones *Procedures for Advance Pricing Agreements. Internal Revenue Code 482: Allocation of Income and Deductions among Taxpayers. Rev. Proc. 2015-41*. 2015. URL: https://www.irs.gov/pub/irs-drop/rp-15-41.pdf [Visited on 23/09/2024], Section 2.4.d, the latter may nonetheless be available under certain conditions. After a lawsuit brought by BNA for disclosure of APAs, legislative action in December 1999 prevented the disclosure of APAs. Diane Ring. 'On the Frontier of Procedural Innovation: Advance Pricing Agreements and the Struggle to Allocate Income for Cross Border Taxation'. *Michigan Journal of International Law*, 21(2) Jan. 2000, pp. 143–234. URL: https://repository.law.umich.edu/mjil/vol21/iss2/1 [Visited on 14/05/2022], p.160, footnote 52 and Givati, *Resolving Legal Uncertainty*, p.174, footnote 130. In our classification, these so-called "unilateral APAs" would be considered unilateral tax rulings despite the name suggesting that it is an APA and thence involving at least two tax administrations.

detail for a proper understanding of the underlying information; it was difficult for Member States to know when to request further information and, if they did so, to demonstrate that it was needed for purposes of tax assessment".[247]

These unilateral rulings usually negatively impact the tax base of other nations, at least to the extent that they go unnoticed or unchallenged by the tax administration. Therefore, developing countries will likely be hardest hit by the impact of unilateral tax rulings on tax base poaching.

The European Union has subsequently introduced automatic information exchange between Member States on these rulings, which is an essential step towards transparency.[248] However, this does not necessarily guarantee access to rulings by affected third-party countries. The OECD has introduced a broader framework for mandatory spontaneous information exchange of tax rulings.[249] Yet even if all countries participated, exchange mechanisms only capture the tip of the iceberg. This is because it is difficult to define a unilateral cross-border tax ruling, and it is even more difficult, if not outright impossible, to monitor compliance with any obligation to report and exchange those rulings without making them public.

Various examples document the failure of reporting and exchange mechanisms around tax rulings. First, the inconsistent and misleading reporting practice of unilateral rulings by Luxembourg within the European Commission's Joint Transfer Pricing Forum before the Lux Leaks scandal[250] bears witness to the unreliability of confidential data. This data is only reported by the tax administration without any way to verify the content of the data more publicly. Second, the TAXE Committee, the European Parliament's Special Committee on Tax Rulings, explains decades of non-compliance with requirements under the EU directives on reporting of tax rulings:

> The European Parliament [...] Concludes [...] Member States did not comply with the obligations set out in Council Directives 77/799/EEC and 2011/16/EU since they did not and continue not to spontaneously exchange tax information, even in cases where there were clear

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[247] European Court of Auditors. *Exchanging Tax Information in the EU: Solid Foundation, Cracks in the Implementation*. Tech. rep. 2021. URL: https://www.eca.europa.eu/Lists/ECADocuments/SR21_03/SR_Exchange_tax_inform_EN.pdf [Visited on 03/05/2022], p.35.

[248] European Parliament and Council of the European Union, *Council Directive (EU) 2015/2376 of 8 December 2015 Amending Directive 2011/16/EU as Regards Mandatory Automatic Exchange of Information in the Field of Taxation*.

[249] OECD, *Harmful Tax Practices - Peer Review Reports on the Exchange of Information on Tax Rulings*.

[250] Luxembourg had reported only 2 unilateral APAs to be in force in 2012, while reporting 119 in 2013. In contrast, more than 500 unilateral tax rulings were disclosed through LuxLeaks which were reported to have been agreed mainly between 2002 and 2010. These appear not to have been captured by the EU Joint Transfer Pricing Forum statistic which builds on information submitted by member states such as Luxembourg. See Meinzer, *Steueroase Deutschland: Warum Bei Uns Viele Reiche Keine Steuern Zahlen*, pp.178-79. Within the context of the OECD transparency regime on tax rulings under BEPS Action 5, Luxembourg reportedly issued 1,922 rulings between 1 April 2016 and 31 December 2016, published annually in a summarised and anonymised form in the tax administration's annual report OECD. *Harmful Tax Practices – Peer Review Results on Preferential Regimes*. Tech. rep. Nov. 2018. URL: http://www.oecd.org/tax/beps/update-harmful-tax-practices-2017-progress-report-on-preferential-regimes.pdf [Visited on 10/01/2023], p.289.

> grounds, despite the margin of discretion left by those directives, for expecting that there may be tax losses in other Member States, or that tax savings may result from artificial transfers of profits within groups[...].[251]

Lastly, publishing the full text of all rulings (disclosing the name(s) of the concerned taxpayer(s)) or at least exchanging them without exception with all relevant jurisdictions is much better than publishing only some rules or extracts from them. However, full transparency on tax rulings does not neutralise all the risks created by tax rulings in the first place. Accessing the text of a tax ruling is very different from understanding the consequences in practical terms, such as how much money will not be paid in tax or where profits will be shifted. In other words, issuing tax rulings adds to the current overwhelming problems tax authorities face worldwide. The lack of capacity in tax administrations, especially in lower-income countries, the complex nature of multinational cross-border transactions, and weak international transfer pricing regulations add further constraints to affected governments' efforts to counteract tax avoidance embedded in aggressive unilateral tax rulings. For this reason, jurisdictions can obtain a secrecy score of zero only when they do not issue any tax rulings.

Component 2: Extractive industries contract disclosure

Government coffers and citizens often lose out because of hidden agreements, weak laws and aggressive corporate tax practices. In most jurisdictions, non-renewable mineral resources are managed by the state on behalf of the public. States typically extend the right to corporate entities to explore, extract and often sell mineral resources in exchange for revenue or a share of the mineral. The contract outlines the rights, duties and obligations of the parties, including fiscal terms and provisions. These contracts can span decades and have far-reaching and long-lasting impacts. Everything from taxes and infrastructure arrangements to environmental performance, social obligations and employment rules may be set out in contracts. Where jurisdictions use contracts, they form part of the legal framework; they are "essentially the law of a public resource project, and a basic tenet of the rule of law is that laws shall be publicly available".[252]

Contracts vary greatly between and within jurisdictions in terms of complexity, length and the degree of deviation from general legislation or a model contract. Contracts may be standard for every company, with the only difference found in the names of the companies involved and the area of land granted by the state through a formal legal title. Some contracts may make one or a few changes to general legislation or a model contract; in other contracts, everything may be up

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[251] Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect. *Report on Tax Rulings and Other Measures Similar in Nature or Effect: (2015/2066(INI))*. tech. rep. European Parliament, Nov. 2015. URL: https://www.europarl.europa.eu/doceo/document/A-8-2015-0317_EN.html [Visited on 08/05/2022], Paragraph.86.

[252] Rosenblum and Maples, *Contracts Confidential*, p.16.

for negotiation. In cases where many terms can be negotiated, contracts can establish new provisions on tax, environmental, social and other investment obligations, such as local procurement and employment, and so-called "stabilisation periods". None, any or all of these provisions in a contract may be confidential as well as the information that flows from them (such as revenue payments made by a company to government).[253]

Governments stand to gain from ensuring all contracts are public. Contract disclosure helps governments compare their contracts with contracts in other jurisdictions, enables improved intra-governmental coordination in the enforcement of contracts, and can positively influence citizens' trust in the state.[254] There are already great asymmetries in the information that put governments at a disadvantage in negotiations with companies. Citizens can use the contracts to hold the government and companies accountable for their obligations. Disclosure may be an additional incentive for governments to ensure that as many constituents as possible are satisfied, contributing to more durable contracts that are less likely to be renegotiated or subject to corrupt influence for special deviations that ultimately undervalue the resource.[255] In Oxfam's 2018 Contract Disclosure Survey, secrecy is described as being short-lived because where companies have negotiated windfall deals by exploiting secrecy or through bribery, subsequent government administrations have grounds and choose to renegotiate contracts.[256]

Those who defend contract secrecy often claim it protects so-called commercially sensitive information. There is no consensus technical definition of this type of information. Still, being generous with the term, even if the information is deemed commercially sensitive, this "is only one consideration among many when determining whether information should be made publicly available".[257] Under freedom of information principles, information that is likely to cause harm to a company's competitive position, such as trade secrets or information about future transactions, would be redacted. However, this information is unlikely to be found in contracts. As a study of publicly available contracts in Mongolia shows, trade secrets are not included, often because they are signed by a consortium of companies that may change over time: "it is highly

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[253] In one of the earliest surveys of contracts, Rosenblum and Maples (2009) observed that confidentiality clauses in 150 mining and oil contracts were largely uniform with confidentiality applying to all information, with some exceptions for public disclosure of certain information by law, such as to the stock exchange, or information in the public interest. The similarity in clauses across different extractive contracts seems to be an exception compared to other commercial contracts. According to Rosenblum and Maples, these general confidentiality clauses do not actually prevent contracts from being disclosed: "If the government and the company, or consortium of companies, agree to disclose the contract, the confidentiality clause poses no impediment, except possibly a procedural one — written consent of the parties. [...] On the other hand, procedural requirements may serve as a pretext to mask the unwillingness of one or both parties to disclose" Rosenblum and Maples, *Contracts Confidential*, p.27.

[254] Rosenblum and Maples, *Contracts Confidential*.

[255] Rosenblum and Maples, *Contracts Confidential*.

[256] Isabel Munilla and Kathleen Brophy. *Contract Disclosure Survey 2018: A Review of the Contract Disclosure Policies of 40 Oil, Gas and Mining Companies*. Tech. rep. Oxfam International, 2018, p. 64.

[257] Rosenblum and Maples, *Contracts Confidential*, p.36.

unlikely that any company would risk writing trade secrets into any contract".[258] Financial terms that are always found in deals are often already known within the industry or released on stock exchanges for the shareholders of listed companies. Most countries disclose contracts without redaction.[259]

To date, no evidence suggests public disclosure of contracts has harmed companies. For companies, disclosure can help dispel suspicion, build trust and "temper unrealistic expectations and correct misconceptions that may skew communities' perceptions", especially when signing contracts is often associated with great celebration by governments and companies.[260] Some companies have taken a lead in disclosing contracts signed with governments in countries where contracts are not typically disclosed.[261].

Publication of contracts and the project-level disclosure of revenues "are now established as international norms", according to an International Monetary Fund briefing at the end of 2018.[262] Indeed, significant progress has been made in recent years.[263] In September 2021, the International Council on Mining and Metals, established two decades ago to improve industry performance on sustainable development, adopted a contract disclosure principle for all members,[264] signalling the normalisation of contract transparency.

Civil society movements, especially through the convening network Publish What You Pay, have demanded that governments and companies commit to contract disclosure. Since 2013, the Extractive Industries Transparency Initiative (EITI) has "encouraged" implementing countries to publish contracts and has required countries to publish their government's position and practice on contract

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[258] Robert Pitman. *Mongolia's Missing Oil, Gas and Mining Contracts*. Jan. 2019. URL: https://resourcegovernance.org/sites/default/files/documents/mongolias-missing-oil-gas-and-mining-contracts.pdf [Visited on 22/04/2022], p.6.

[259] Don Hubert and Rob Pitman. *Past the Tipping Point? Contract Disclosure within EITI*. tech. rep. Natural Resource Governance Institute, Mar. 2017, p. 48. URL: https://eiti.org/sites/default/files/attachments/past-the-tipping-point-contract-disclosure-within-eiti.pdf [Visited on 22/04/2022], p.48.

[260] Munilla and Brophy, *Contract Disclosure Survey 2018: A Review of the Contract Disclosure Policies of 40 Oil, Gas and Mining Companies*, p.14.

[261] For example, Kosmos EnergySophie Durham. 'Contract Transparency Builds Trust and Mitigates Risk Says Kosmos'. *Extractive Industries Transparency Initiative* Dec. 2018. URL: https://eiti.org/blog/contract-transparency-builds-trust-mitigates-risk-says-kosmos [Visited on 03/05/2022] and Tullow OilTullow Oil. *Equality and Transparency*. 2022. URL: https://www.tullowoil.com/sustainability/equality-and-transparency/ [Visited on 29/04/2022] had adopted public contract disclosure policies and disclosed contracts on their websites or stock exchanges as early as 2018

[262] International Monetary Fund. *Fiscal Transparency Initiative: Integration of Natural Resource Management Issues*. Tech. rep. Jan. 2019. URL: https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/01/29/pp122818fiscal-transparency-initiative-integration-of-natural-resource-management-issues [Visited on 22/04/2022], p.7.

[263] Rob Pitman and Isabel Munilla. 'It's Time for EITI to Require Contract Transparency. Here Are Four Reasons Why.' *Natural Resource Governance Institute* Feb. 2019. URL: https://resourcegovernance.org/blog/its-time-eiti-require-contract-transparency-here-are-four-reasons-why [Visited on 06/05/2022].

[264] ICMM. *Transparency of Mineral Revenues: Position Statements*. Sept. 2021. URL: https://www.icmm.com/en-gb/about-us/member-requirements/position-statements/mineral-revenues [Visited on 29/04/2022].

transparency.[265] Since 1 January 2021, all implementing countries must make public any new contracts they sign.[266]

Yet, disclosing contracts is just one part of the transparency measures needed throughout the contracting process, from planning and assessing applications to the awarding, negotiating, implementing and monitoring of contracts.[267] Lessons from transparency in public procurement illustrate the potential of open contracting. A 2017 World Bank study, using data from 88 countries and covering nearly 34,000 firms, showed that countries with more transparent public procurement systems have fewer and smaller kickbacks, creating a more level playing field for smaller companies.[268]

[265] Dyveke Rogan and Gisela Granado. *Contract Transparency in EITI Countries: A Review on How Countries Report on Government's Contract Transparency Policy*. Tech. rep. Extractive Industries Transparency International International Secretariat, Aug. 2015.

[266] Extractive Industries Transparency Initiative. *EITI International Secretariat: The Board Agreed in Principle to the Proposals Made on Clarifications and Changes to the EITI Requirements*. Feb. 2019. URL: https://eiti.org/documents/board-agreed-principle-proposals-made-clarifications-and-changes-eiti-requirements [Visited on 22/04/2022].

[267] Rob Pitman et al. *Open Contracting for Oil, Gas and Mineral Rights: Shining a Light on Good Practice*. Tech. rep. Open Contracting Partnership; Natural Resource Governance Institute, June 2018. URL: https://resourcegovernance.org/sites/default/files/documents/open-contracting-for-oil-and-gas-mineral-rights.pdf [Visited on 06/05/2022]; Open Contracting Partnership. *Open Contracting Global Principles*. URL: https://www.open-contracting.org/what-is-open-contracting/global-principles/ [Visited on 22/04/2022].

[268] Stephen Knack et al. *Deterring Kickbacks and Encouraging Entry in Public Procurement Markets: Evidence from Firm Surveys in 88 Developing Countries*. Policy Research Working Papers. The World Bank, May 2017. URL: http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-8078 [Visited on 07/05/2022].

Table 3.35. Assessment Logic: Tax rulings and extractive industries' contracts

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
COMPONENT 1: UNILATERAL TAX RULINGS			
363	Tax rulings: Are unilateral cross-border tax rulings (eg advance tax rulings, advance tax decisions) available in laws or regulation, or in administrative practice?	0: No; 1: Yes	ID363=1 & ID421=0: 50 ID363=1 & ID421=1: 40 ID363=1 & ID421=2 or 3: 30 ID363=1 & ID421=4: 10 ID363=0: 0
421	Tax rulings: Are all unilateral cross-border tax rulings (eg advance tax rulings, advance tax decisions) published online for free in full or summary, anonymised or not?	0: NONE OR SOME: None or only some of the unilateral cross-border tax rulings are published online; 1: MINIMAL (ANONYMISED AND NOT FULL TEXT): All unilateral cross-border tax rulings are published online, but in a reduced version and without the name(s) of the taxpayer(s) concerned; 2: ANONYMISED (FULL TEXT BUT ANONYMISED): All unilateral cross-border tax rulings are published online in their full text, but without the name(s) of the taxpayer(s) concerned; 3: SUMMARY (NAMED BUT NOT FULL TEXT): All unilateral cross border tax rulings are published online, including the name(s) of the taxpayer(s) concerned but only in a reduced version; 4: COMPLETE (NAMED AND FULL TEXT): All unilateral cross border tax rulings are published online, in full text, including the name(s) of the taxpayer(s) concerned.	

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
COMPONENT 2: EXTRACTIVE INDUSTRIES CONTRACT DISCLOSURE			
561	Mining contracts in law: Are all mining contracts required to be disclosed by law?	0: No or unknown; 1: Yes; 2: Not applicable (N/A).	MN: if ID561=N/A & ID562=N/A: consider petroleum values, and if petroleum also N/A, consider only tax rulings ID561=0 & ID562=0: 50 ID561=1 & ID562=0: 45 ID561=0 & ID562=1: 30 ID561=1 & ID562=1: 20 ID561=0 & ID562=2: 10 ID561=1 & ID562=2: 0
562	Mining contracts in practice: Are all mining contracts published online in practice?	0: No, contracts are not available online; 1: Yes, but only some contracts are available online; 2: Yes, all or nearly all contracts are available online; 3: Not applicable (N/A).	
563	Petroleum contracts by law: Are all petroleum contracts required to be disclosed by law?	0: No or Unknown; 1: Yes; 2: Not applicable (N/A).	PT: if ID563= N/A & ID564= N/A: consider mining values, and if mining also N/A, consider only tax rulings ID563=0 & ID564=0: 50 ID563=1 & ID564=0: 45 ID563=0 & ID564=1: 30 ID563=1 & ID564=1: 20 ID563=0 & ID564=2: 10 ID563=1 & ID564=2: 0
564	Petroleum contracts in practice: Are all extractive industries petroleum contracts published online in practice?	0: No, contracts are not available online; 1: Yes, but only some contracts are available online; 2: Yes, all or nearly all contracts are available online; 3: Not applicable (N/A).	

3.17 Anti-money laundering

3.17.1 What is measured?

This indicator examines the degree to which a jurisdiction creates money laundering risks. To do so, this indicator has three components. The **first and the second components** assess the existence of two harmful instruments within the legal and regulatory framework of a jurisdiction:

1. **Regarding Large Banknotes (or high denomination cash bills)**: it assesses whether a jurisdiction issues or accepts the circulation of large banknotes of its own currency (of value greater than US$200, €200 or £200);

2. **Regarding Bearer Shares**: it assesses whether companies are available with unregistered bearer shares. Either bearer shares[269] should not be available in the jurisdiction or, if available, there should be mechanisms to ensure that all existing bearer shares are[270] immobilised or registered with a government authority (including a country's Central Securities Depository, if properly regulated).

Together, these two components make up half the score of this indicator. The secrecy scoring matrix is shown in Table 3.36 and full details of the assessment logic can be found in Table 3.38.

The main sources for these components are the Global Forum peer reviews[271] and private internet websites such as www.offshoreinvestment.com, www.ocra.com and www.lowtax.net, or directly searching the specific features by name on the internet for their availability. In some cases, the Tax Justice Network's surveys provided useful information.[272] Main sources for the issuance and circulation of large cash bills were website of each jurisdiction's central bank, studies by the Financial Action Task Force[273] and the European Police Office's Financial

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[269] Bearer shares are shares which are not registered, where the owner can be any person physically holding the share certificate and where the transferring of the ownership involves only delivering the physical certificate.

[270] We consider that the obligation to register bearer shares exists when legal provisions establish a timeframe for immobilisation/registration of all existing bearer shares within 12 months after the release of the latest update of the Financial Secrecy Index that included ID 172 and where the consequence for non-compliance is the loss of those shares. Provisions where the only consequence of non-compliance is the loss of voting rights or rights to dividends are not considered to be sufficient because this would involve the mere suspension of rights. In such case, the holders of bearer shares may still transfer those shares or avoid identification until they intend to regain their rights. The same applies if there is no deadline to immobilise bearer shares, or where, after the deadline, holders of bearer shares are still allowed to recover their shares or rights after applying to a court or disclosing their names to the company. This is treated as an unacceptable suspension of rights, rather than the cancellation that this indicator requires.

[271] 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. They can be viewed at:OECD, *Global Forum on Transparency and Exchange of Information for Tax Purposes*.

[272] Tax Justice Network, *TJN Surveys*.

[273] FATF and MENAFATF. *Money Laundering Through the Physical Transportation of Cash*. Tech. rep. 2015. URL: https://www.fatf-gafi.org/publications/methodsandtrends/documents/ml-through-physical-transportation-of-cash.html [Visited on 22/05/2025].

Intelligence Group,[274] as well as Peter Sands' (Harvard Kennedy School) case for their elimination.[275] We have also referred to jurisdiction regulators' websites.

Table 3.36. Secrecy Scoring Matrix of large banknotes and bearer shares.

Regulation	Secrecy Score Assessment [Secrecy Score: 50 points = full secrecy; 0 points = full transparency]
Component 1: Large Bank Notes (25 points)	
Large banknotes are accepted as legal tender and/or issued Own currency banknote of value greater than US$200, €200 or £200.	25
Large banknotes neither accepted as legal tender nor issued No own currency banknote with a value of, or greater than, US$200, €200 or £200.	0
Component 2: Bearer Shares (25 points)	
Bearer shares available Companies with unregistered bearer shares are available.	25
Bearer shares not available Bearer share companies are not available, or all bearer shares are registered with a public authority.	0

The **third component** - responsible for the other half of the indicator - examines the extent to which the anti-money laundering regime of a jurisdiction is failing to meet the recommendations of the Financial Action Task Force (FATF), the international body dedicated to counter money laundering.

Since 2003, the FATF has issued recommendations concerning the laws, institutional structures, and policies deemed necessary to counter money laundering and terrorist financing. Since then, the extent to which jurisdictions comply with these recommendations has been assessed through peer review studies on five- to ten-year cycles. The studies are conducted by either the FATF, or similar regional bodies, or the International Monetary Fund. The resulting comprehensive mutual evaluation reports are mostly published online.[276] The FATF also publishes follow-up reports, which monitor the implementation of the specific recommendations issued in the mutual evaluation reports.

The published assessments include tables that rate the level of compliance with each recommendation on a four-tiered scale. For the Financial Secrecy Index, we calculate the overall non-compliance score by considering all recommendations,

[274] EUROPOL. *Why Is Cash Still King?* Tech. rep. 2015. URL: https://www.europol.europa.eu/sites/default/files/documents/europolcik%20%281%29.pdf [Visited on 23/05/2025].

[275] Peter Sands. 'Making It Harder for the Bad Guys: The Case for Eliminating High Denomination Notes'. 2016. URL: https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/Eliminating%2BHDNfinalXYZ.pdf [Visited on 23/05/2025].

[276] Financial Action Task Force. *Mutual Evaluations*. 2025. URL: https://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc(fatf_releasedate) [Visited on 23/05/2025].

using a linear scale that assigns equal weight to each recommendation. The secrecy scoring matrix is shown in Table 3.37 and full details of the assessment logic can be found in Table 3.38.

In 2003, the FATF adopted its 49 recommendations[277] and corresponding mutual evaluation reports have been published for all jurisdictions we assess in the Financial Secrecy Index. For some jurisdictions, this is the most recent type of report available for use in the index.

In 2012, the FATF reviewed and updated its 49 recommendations (hereinafter: the "old recommendations") and consolidated them to a total of 40 recommendations (hereinafter: the "new recommendations" or the "40 recommendations"). The new methodology (published in 2013, and updated in 2022)[278] to assess compliance with the FATF 40 recommendations also included guidelines to assess the effectiveness of the entire anti-money laundering system of a given jurisdiction. Eleven indicators, so-called "Immediate Outcomes", have been devised to measure effectiveness.

The compliance assessment process based on the new recommendations and immediate outcomes began in 2013. The overwhelming majority of jurisdictions were assessed on this basis.[279] For those jurisdictions, we have adjusted our calculation of this indicator's secrecy score to include the 11 immediate outcome assessments alongside the 40 new recommendations.

FATF's assessment methodology for both old and new recommendations rates compliance with every recommendation on a four-tiered scale, from "compliant" to "largely compliant" to "partially compliant" to "non-compliant". Analogously, the assessment of the immediate outcomes ranges from "high-level of effectiveness" to "substantial level of effectiveness" to "moderate level of effectiveness" to "low level of effectiveness".

For this indicator, we have calculated the overall non-compliance score using a linear scale, giving equal weight to each old recommendation, new recommendation, and immediate outcome. A 50-point secrecy score rating indicates that all recommendations have been rated as "non-compliant" or "low level of effectiveness", whereas a zero rating indicates that the jurisdiction has been rated as entirely compliant/highly effective.

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[277] The (old) 2003 recommendations can be downloaded at Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.* The 2003 recommendations include 40 recommendations and 9 special recommendations on terrorist financing, and are referred to jointly as the FATF Recommendations. For the methodology on assessing compliance with the FATF Recommendations see Financial Action Task Force. *Methodology for Assessing Compliance with the FATF 40 Recommendations and FATF 9 Special Recommendations*. Tech. rep. Feb. 2004. URL: https://www.fatf-gafi.org/media/fatf/documents/reports/methodology.pdf [Visited on 10/04/2022].

[278] Financial Action Task Force. *2013 Methodology For Assessing Technical Compliance With The FATF Recommendations And The Effectiveness Of AML/CFT Systems. Updated 2022.* Tech. rep. June 2023. URL: https://www.fatf-gafi.org/en/publications/Mutualevaluations/Fatf-methodology.html [Visited on 23/05/2025].

[279] Financial Action Task Force, *Consolidated Assessment Ratings*.

Table 3.37. Scoring Matrix: FATF ratings

Type of most recent full mutual evaluation report	Categories of indicators (number of Indicators)	Maximum total number of indicators	Secrecy Score Assessment (Transformation of FATF assessments) [50 points = fully secretive]
FATF 2012, New Methodology 2013/2017	FATF Recommendations (40), Immediate Outcomes (11)	51	**1.** Coding of FATF ratings (x) as follows: 0=compliant; 1=largely compliant; 2=partially-compliant; 3=non-compliant; analogously for levels of effectiveness in immediate outcomes (high, significant, moderate, low). **2.** Average overall non-compliance score of all FATF-recommendations and immediate outcomes in percentage, each given an equal weight (50 points = all indicators rated non-compliant or low level of effectiveness; 0 points = all indicators rated compliant or highly effective).
FATF 2003, Old Methodology 2004	FATF recommendations (40), Special Recommendations (9)	49	

The FATF periodically monitors jurisdictions' compliance with the specific recommendations given in the mutual evaluation reports. The results of the monitoring process are published in follow-up reports, which may inform of changes in jurisdictions' ratings. For jurisdictions assessed according to the new methodology, we have used the most recent rating published on the FATF's consolidated table of assessment ratings,[280] be it a mutual evaluation report or a follow-up report. However, for jurisdictions assessed according to the old methodology, we considered only the ratings of the mutual evaluation reports and we did not take into account any updated ratings that may have appeared in the follow up reports. There are two main reasons for this. First, the follow-up reports for these jurisdictions are not fully consistent in their assessment ratings across the various regional bodies of the FATF; in some cases, they only contain suggestions for updated ratings, and the wording in these instances often leaves room for interpretation.[281] Moreover, there are cases in which the follow up reports only provide qualitative reviews of the progress made in relation to certain recommendations, but they do not contain updated ratings for specific recommendations.[282] Second, for these jurisdictions, the ratings of the follow-up

[280] Financial Action Task Force, *Consolidated Assessment Ratings*.

[281] For example, in the 2015 follow-up report of Belize, with regards to Recommendation 1, the report states that "While the implementation deficiency is still outstanding, measures have been put in place to address it. The level of compliance is comparable to an LC" Caribbean Financial Action Task Force. *Anti-Money Laundering and Counter-Terrorist Financing Measures, Belize, 8th Enhanced Follow-up Report & Technical Compliance Re-Rating*. Tech. rep. 2015. URL: https://www.cfatf-gafic.org/cfatf-documents/follow-up-reports-2/belize-1/5319-belize-8th-follow-up-report-1/file [Visited on 23/05/2025], p.8. Therefore, it remains unclear if this is an actual re-rating or a preliminary suggestion.

[282] Middle East and North Africa Financial Action Task Force. *7th Follow-Up Report for Algeria Anti-Money Laundering and Combating the Financing of Terrorism*. Tech. rep. 2016. URL: https://www.menafatf.org/sites/default/files/Algeria_Exit_FUR_EN.pdf [Visited on 23/05/2025]; Intergovernmental Action Group Against Money Laundering in West Africa. *8th Mutual Evaluation Follow-Up Report , The*

reports are not available in a consolidated form as in the case of the new methodology ratings[283] and due to time and capacity constraints, we could not collect this data manually for every relevant jurisdiction.

3.17.2 Why is this important?

Component 1: Large Banknotes

Cash is anonymous, does not leave an audit trail and is universally accepted, which is why it is often used in illicit activities. Criminals almost always use cash at some stage in the money laundering process. The Financial Action Task Force's 2015 study on money laundering through the transportation of cash has shown that criminally derived cash usually originates from an extensive range of predicate offences, including drug and human trafficking, terrorism, corruption, and tax fraud.[284]

In many instances, where concealment is necessary for smuggling, large cash bills or high-denomination banknotes are used because they are easier to hide than mixed or lower-denomination notes, making it harder for law enforcement authorities to intercept. The existence of large banknotes enables the transportation of higher values of currency at one time, but also increases the size of the loss if discovered. The €500, also known as the "bin Laden" after the former Al Qaeda leader Osama bin Laden and the second-largest note in circulation in Europe after the CHF 1,000, is particularly popular for illicit activity due to its ease of concealment. For example, €20,000 in €500 notes can be hidden in one cigarette packet and an adult male cash courier – or "mule" – can stuff and swallow €150,000 using these large banknotes.[285] The €500 also takes up far less space than the largest US dollar note, the US$100. A 2016 Harvard University study showed that carrying US$1 million in new 100 dollar bills weighs 10 kilograms and would fill most of a 15-litre briefcase, while carrying the same amount in €500 would weigh just 2.2 kilograms and could be carried in a small bag.[286]

Large banknotes are used infrequently in the legitimate cash economy. Most consumers do not make payments with these high-denomination notes, preferring electronic payment options for high-value purchases and transactions. The European Police's (EUROPOL) Financial Intelligence Group queried the purpose of the €500 because it is not commonly used for payments but accounted for one-third of Euro notes in circulation; some of which could be

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Gambia. Tech. rep. 2014. URL: https://www.giaba.org/mutualevaluation/2804__8th-follow-up-report-of-the-gambia.html [Visited on 23/05/2025].

[283] Financial Action Task Force, *Consolidated Assessment Ratings*.

[284] FATF and MENAFATF, *Money Laundering Through the Physical Transportation of Cash*, p. 30.

[285] Michael Holden. 'UK Stops Selling 500 Euro Notes over Crime Fears'. *Reuters* May 2010. URL: https://www.reuters.com/article/world/britain-stops-selling-500-euro-notes-over-crime-fears-idUSTRE64C1KF/ [Visited on 23/05/2025].

[286] Sands, 'Making It Harder for the Bad Guys: The Case for Eliminating High Denomination Notes', p.11, Figure 3.

hoarded, but even if only a small amount is used in criminal activity and money laundering, it is still substantial in absolute terms.[287] Many businesses do not accept these large notes due to security and fraud risks. Instead, as the denomination and value of cash increases, the balance of benefits with risks and costs deteriorates.[288] Various studies and anecdotes reveal the extent to which large banknotes are used for criminal purposes.

For example, the United Kingdom's Serious and Organised Crime Agency carried out an 8-month assessment on the use of the €500 banknote, revealing that 90% of the demand for it within the UK was from criminals.[289] As a result, the €500 was voluntarily withdrawn from circulation by the private sector.[290] Other European countries have also had similar experiences with this large note. The biggest ever cash seizure in Portugal was made following investigations into suspected money laundering organised by an Angolan General, and it amounted to €8 million, almost all denominated in €500 notes.[291] EUROPOL even reports that certain law enforcement agencies have observed that the "EUR 500 notes trade hands at above their face value in the criminal environment, so important is their role in cash transportation for money laundering".[292]

Following concerns over the illicit use of the €500 banknote, the European Central Bank announced in May 2016 that it would discontinue the production of the €500 banknote. However, it remains legal tender and retains value,[293] and the UK's National Crime Agency suggests that €200 and €100 notes are likely to be increasingly used in criminal activity.[294] Similarly, the largest banknote in the world, the Singapore Dollar 10,000 (approx. US$7,400), was discontinued in 2014, but remains legal tender indefinitely.[295] Singapore chose to discontinue the issuance of the SGD 10,000 to mitigate money laundering risks, especially associated with its popular gambling industry.[296] In 2020, Brunei discontinued its BND 10,000 (which is worth like SGD 10,000 and can be used in Singapore), but

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[287] EUROPOL, *Why Is Cash Still King?*, p.7, 49.

[288] Sands, 'Making It Harder for the Bad Guys: The Case for Eliminating High Denomination Notes', p.12.

[289] Dominic Casciani. 'Why Criminals Love the 500 Euro Note'. *BBC News* May 2010. URL: http://news.bbc.co.uk/2/hi/8678979.stm [Visited on 23/05/2025]; Serious Organised Crime Agency. *Annual Report and Accounts*. Tech. rep. 2010. URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/247328/1241.pdf [Visited on 23/05/2025].

[290] Serious Organised Crime Agency, *Annual Report and Accounts*.

[291] EUROPOL, *Why Is Cash Still King?*, pp.16, 49.

[292] EUROPOL, *Why Is Cash Still King?*, p.20.

[293] European Central Bank. *ECB Ends Production and Issuance of €500 Banknote*. May 2016. URL: https://www.ecb.europa.eu/press/pr/date/2016/html/pr160504.en.html [Visited on 23/05/2025]; Winngie. *Old Euro Banknotes, Are They Still Valid, Till When, How to Exchange? | Winngie*. 2019. URL: https://winngie.com/2019/12/08/old-euro-banknotes-are-they-still-valid-till-when-how-to-exchange/ [Visited on 23/05/2025].

[294] National Crime Agency. *National Strategic Assessment of Serious and Organised Crime*. Tech. rep. 2017. URL: https://www.nationalcrimeagency.gov.uk/who-we-are/publications/32-national-strategic-assessment-of-serious-and-organised-crime-2017/file [Visited on 23/05/2025].

[295] Monetary Authority of Singapore. *Circulation Currency: Notes*. URL: https://www.mas.gov.sg/currency/circulation-currency/circulation-currency-notes [Visited on 23/05/2025].

[296] Reuters. 'Singapore to Stop Issuing S$10,000 Banknote to Prevent Money Laundering'. *Reuters* July 2014. URL: https://www.reuters.com/article/singapore-regulations-idUSL4N0PD2M120140702 [Visited on 23/05/2025].

existing banknotes will remain legal tender.[297] Canada discontinued its CAD 1,000 banknote already in 2000, but the notes remain in circulation[298] up until 2021, from which it is no longer considered as legal tender.[299]

Cash, and therefore large banknotes, can also facilitate tax evasion by enabling the hoarding of cash outside the banking system and allowing transactions without a paper trail. To tackle tax evasion and counterfeit money, the Indian government withdrew its two largest notes from circulation INR 1,000 and INR 500 (equivalent to just over US$ 15 and 7, respectively) at the end of 2016 as part of a demonetisation and remonetisation process, requiring people to swap this money at banks and post offices for legal tender.[300]

As Sands points out, the impact of ending the issuance of large-denomination notes on money laundering is limited as long as large banknotes issued by different jurisdictions remain legal tender and in circulation.[301] Therefore, in particular, the elimination of the highest banknotes with values above US$200, €200 or £200 would curtail the secrecy in financial transactions that enables illicit financial flows. Ending their circulation by ending the status of legal tender of those banknotes would not negatively affect licit uses of cash, but increase the cost and risk of detection of criminal cash transactions.

Component 2: Bearer Shares

The Financial Action Task Force defines bearer shares as referring to "negotiable instruments that accord ownership in a legal person to the person who possesses the bearer share certificate".[302]

Ordinarily, joint stock companies issue registered shares. On a registered share certificate, the name of the shareholder is spelled out. In addition, the identities and names of the shareholders are recorded at registers held by the company, and are often reported to public registries run by the government. This ensures in principle that ownership of the company can be verified by third parties at any time.

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[297] AseanPlusNews. 'Brunei to Cease Issuing, Circulation of Biggest Currency Notes'. *thestar.com.my* Oct. 2020. URL: https://www.thestar.com.my/aseanplus/aseanplus-news/2020/10/01/brunei-to-cease-issuing-circulation-of-biggest-currency-notes [Visited on 23/05/2025].

[298] Bank of Canda. *Bank of Canada to Stop Issuing $1000 Note*. May 2000. URL: https://www.bankofcanada.ca/2000/05/bank-canada-stop-issuing-1000-note/ [Visited on 23/05/2025]; Adrian Humphreys. 'The Hunt for Canada's $1,000 Bills: There Are Nearly a Million Left, Most in the Hands of Criminal Elites'. *National Post* Nov. 2012. URL: https://nationalpost.com/news/canada/the-hunt-for-canadas-1000-bills-there-are-nearly-a-million-left-most-in-the-hands-of-criminal-elites [Visited on 23/05/2025].

[299] Mark Montgomery. 'Old Canadian Banknotes Lose Legal Tender Status' Jan. 2021. URL: https://www.rcinet.ca/en/2021/01/05/old-canadian-banknotes-lose-legal-tender-status/ [Visited on 23/05/2025].

[300] Arun Jaitley. *Remonetisation Process Almost Complete:* 2017. URL: https://timesofindia.indiatimes.com/business/india-business/remonetisation-process-almost-complete-arun-jaitley/articleshow/57190069.cms [Visited on 23/05/2025].

[301] Sands, 'Making It Harder for the Bad Guys: The Case for Eliminating High Denomination Notes'.

[302] Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, p.122.

In contrast, on bearer shares, the names of the shareholders are not written, nor is a record kept at company level or elsewhere about the identities of the shareholders. Instead, any person who literally holds the share certificates in his or her hands, is for legal purposes the owner of the share and of the company (if all shares are held). They are used to preserve anonymity on the part of owners because they are effectively untraceable.

In their landmark joint report on grand corruption "The Puppet Masters", the World Bank and United Nations Office on Drugs and Crime (UNODC) argue that investigators found bearer shares "[...] to be one of the most challenging obstacles to overcome".[303] In the same report, a case is described in detail on how bearer shares have been abused:

> The Case of Former President Frederick Chiluba (Zambia): Iqbal Meer, a London-based solicitor, was among the defendants in a private civil asset recovery action brought by the Zambian attorney general in the U.K. High Court against his law firm and others for their role in assisting President Frederick Chiluba and his director general of the Zambian Security and Intelligence Services (ZSIS), X. F. Chungu, to funnel funds stolen from the Zambian government. In his judgment delivered on May 4, 2007, Mr. Justice Peter Smith held that Meer had incorporated a British Virgin Islands International Business Company, Harptree Holdings Ltd., with the company's bearer shares held in trust by a nominee at Bachmann Trust Company Ltd. Harptree Holdings had been formed to purchase real estate in Belgium—a block of flats and an apartment hotel—to pay off one of the co-conspirators in the case, Faustin Kabwe, who was identified in the court's judgment as a close friend and financial adviser to Chiluba and Chungu. This involved the transfer of funds from Zambia's ministry of finance to an account in London (referred to as the Zamtrop account) and from that account to a Zambian financial services company, in which Kabwe was one of the main controlling officers. Suspicions of Meer's involvement in this Zamtrop conspiracy (as it later became known) resulted in the U.K. Office for the Supervision of Solicitors paying Meer a visit in April 2003. They asked him specifically about the ownership of Harptree. He responded, "I have no idea whether Kabwe is holding the bearer shares in his hands or whether somebody else is holding [the] bearer shares"—demonstrating clearly how a bearer-share construction can allow someone to easily and accurately deny knowledge of ownership of a legal entity.
>
> Mr. Justice Smith concluded: "In my view it is obvious. The [...] purchase was FK's [Faustin Kabwe's] payoff for his role in the conspiracy. IM [Iqbal Meer], whilst he did not know the overarching

[303] Van der Does de Willebois et al., *The Puppet Masters. How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*, p.154.

> conspiracy details, took instructions from FK on behalf of Harptree, because he believed it belonged to him beneficially. Yet he knew that the purchase was funded by government monies via the Zamtrop account but did not question FK's entitlement to them. That failure (even if his case that it was a ZSIS purchase is to be believed) and the failure to record that matter in any document are actions again which an honest solicitor would not do. Such a large purchase of a block of flats and an apartment hotel cannot conceivably have been regarded as a purchase for ZSIS operations. Equally, the labyrinthine routing of the ownership of the properties—via a BVI holding company with nominee directors and bearer shares and a Luxembourg company interposed—shows that the whole operation was to hide things."[304]

Because of the international consensus about the enormous risks associated with bearer shares (eg among FATF, UNODC, World Bank), many jurisdictions have legislated to end the issuance of bearer shares in the future. Following recommendation 24 by the FATF,[305] some jurisdictions have added a requirement to convert existing bearer shares into registered shares, or to immobilise and/or register existing bearer shares with a custodian or public registry. However, these policies have not always been successful. Whilst some countries might require by law that bearer shares are converted into registered shares, a deadline might not have been set. Other countries require the shares to be registered only by a company service provider or professional, without reporting the shareholders and beneficial owners to a registry. In this case, the risk and incentives for manipulation (such as backdating changes) of the ownership remain far higher than with publicly registered shares.

Component 3: FATF ratings

Many of FATF's anti-money laundering recommendations touch upon minimal financial transparency safeguards within the legal and institutional fabric of a jurisdiction. Through low compliance ratios with anti-money laundering recommendations, a jurisdiction knowingly invites domestic money launderers and criminals from around the world to deposit and launder the proceeds of crime (eg drug trafficking, tax evasion) through their own financial system.

For instance, recommendation ten (equivalent to old recommendation five, with minor changes) sets out minimal standards for identifying customers of financial institutions such as banks and foreign exchange dealers. If this recommendation is rated "partially compliant", the resulting secrecy around bank customers increases the risk of money laundering.

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[304] Van der Does de Willebois et al., *The Puppet Masters. How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*, pp.42-43.

[305] Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations (2012 - Updated 2025)*, pp. 96–97.

In our view, a swift and thorough implementation of all FATF recommendations by all jurisdictions is crucial to global financial transparency, in order to prevent the undermining of democracies by organised and financial crime, and to curb tax evasion and illicit financial flows.

While there has been some debate about the merits and costs of the FATF recommendations and the peer review mechanism, the quality of the most recent (fourth) round of evaluation reports has increased significantly. In response to criticisms of past evaluation methodologies, including for applying what some described as a mechanistic approach of measuring compliance by checking boxes,[306] the FATF has developed ways for measuring a jurisdiction's overall effectiveness in achieving ultimate goals. The FATF uses eleven so-called "immediate outcome indicators" for that purpose.

Although the immediate outcome indicators rely more heavily on subjective criteria than the technical compliance assessments, a clear assessment methodology is available that provides coherent and detailed guidance. Furthermore, the indicators are all backed up by a detailed narrative. Therefore, for those jurisdictions that have already undergone the fourth round of FATF evaluation report, these indicators have been included in this indcator alongside the 40 FATF technical recommendations.

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

[306] Michael Levi et al. 'Global Surveillance of Dirty Money: Assessing Assessments of Regimes to Control Money-Laundering and Combat the Financing of Terrorism' 2014. URL: http://orca.cf.ac.uk/88168/1/Report_Global%20Surveillance%20of%20Dirty%20Money%201.30.2014.pdf [Visited on 23/05/2025].

Table 3.38. Assessment Logic: Anti-money laundering

ID	ID question	Answer	Valuation Secrecy Score
172	Are bearer shares available?	0: No, bearer shares are always immobilised/registered by a public authority; 1: No, bearer shares are not available/not circulating; 2: Yes, but status is unknown; 3: Yes, unregistered bearer shares are available/circulating or registered by a private custodian.	If answer 0 or 1: 0; otherwise 25
488	Does the jurisdiction issue or accept circulation of large banknotes/cash bills of its own currency of value greater than any of US$200, €200 or £200?	0: Yes; 1: No.	If answer N: 0 points; otherwise 25 points
335	What is the jurisdiction's overall non-compliance score of Financial Action Task Force (FATF) standards (in percentage, ie 100 per cent = all indicators rated non-compliant/low level of effectiveness; 0 per cent = all indicators rated compliant or highly effective)?		1. Coding of ratings (x) as follows: 0: compliant; 1: largely compliant; 2: partially-compliant; 3: non-compliant; analogously for levels of effectiveness in immediate outcomes (high, significant, moderate, low). 2. Define actual number of indicators: i (up to 49 or 51) 3. Define maximum secrecy: i*3 4. Define minimum secrecy: i*0 5. Calculate yi = [(x)1+(x)2+...(x)i] 6. Overall Non-Compliance Percentage: [yi]*100/(i*3).

3.18 Automatic exchange of information

3.18.1 What is being measured?

This indicator assesses whether jurisdictions participate in multilateral instruments that enable the automatic exchange of information (AEOI) on certain types of assets and income. The indicator is composed of three components. The first component considers whether a jurisdiction is party to five key multilateral competent authority agreements (MCAAs) for the automatic exchange of information, including the Common Reporting Standard (CRS), which established automatic exchange of financial account information. (Non-) participation in the CRS impacts a jurisdiction's score more than any other element measured by this indicator. In the case of developing countries which have been unable to join the CRS, this component analyses whether the country is participating in a pilot project. The second component of implementation measures the breadth of a jurisdiction's information exchange obligations under the CRS MCAA and the extent to which legal or administrative obstacles hinder effective implementation. The third component evaluates efforts to enhance the transparency and use of AEOI data.

A jurisdiction's score on each of the elements of the three components is aggregated by simple addition, as shown in Tables 3.39 and 3.40. A jurisdiction's secrecy score is reduced according to the number of MCAAs a jurisdiction takes part in, the more countries it actively exchanges financial account information with, and the more additional improvements it undertakes to its commitment to AEOI. Conversely, the more obstacles are imposed to prevent the full potential of AEOI, the higher the secrecy score will be. After adding and subtracting the secrecy scores of all components, negative values will be considered a zero secrecy score, and values above 100 points will be considered a full 100 secrecy score.

Component 1: multilateral competent authority agreements

Currently, this indicator covers the following five MCAAs:

1. The Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information and its addendum ('CRS-MCAA');
2. The Multilateral Competent Authority Agreement on the Automatic Exchange Regarding CRS Avoidance Arrangements and Opaque Offshore Structures ('MDR-MCAA');
3. The Multilateral Competent Authority Agreement on the Automatic Exchange of Information on Income Derived Through Digital Platforms ('DPI-MCAA');
4. The Multilateral Competent Authority Agreement on the Automatic Exchange of Information Pursuant to the Crypto-Asset Reporting Framework ('CARF-MCAA');

5. The Addendum to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information ('CRS Addendum').

The legal basis for these MCAAs is the amended multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC). Article 6 of the MAAC provides that parties to the MAAC shall exchange information automatically per procedures determined by mutual agreement. These procedures are the MCAAs.[307] Whether an individual jurisdiction is party to the amended MAAC is assessed in the indicator on Information Exchange Upon Request (ID 309).

This indicator does not take into account bilateral arrangements for the automatic exchange of information as established in bilateral instruments like tax treaties or tax information exchange agreements. As explained in relation to the secrecy indicator on information exchange upon request, the amended MAAC reflects an open-ended and multilateral commitment to the exchange of information. Under the amended MAAC and its MCAAs, countries commit to the universal exchange of information with any country that joins the framework on a later date. The opposite is true in the case of bilateral arrangements for AEOI, which reflect a highly selective commitment to tax transparency.

For these reasons, the indicator does not reward the United States for its AEOI arrangements in the form of bilateral inter-governmental agreements (IGAs) under the Foreign Account Tax Compliance Act (FATCA).[308] Under FATCA, which was first adopted in 2012, the United States will only exchange US account information in relation to countries which it allows to sign up. The FACTA regime is also marred by a lack of reciprocity. By own admission, under FACTA the US receives more information on foreign accounts than participating countries receive on foreign owners of US accounts.[309] As such, the United States' regime for automatic exchange of financial account information does not contribute to universal tax transparency.

There is one exception though. Despite its intentions to, international political reasons have made it impossible for Taiwan to become a party to the CRS-MCAA. Therefore, in the case of Taiwan, the bilateral competent authority arrangements put in place by the country with partner jurisdictions are taken into account for the purposes of this indicator.

While fundamentally flawed, FATCA did trigger the development of a global standard for automatic exchange of information on financial accounts, known as the Common Reporting Standard (CRS). The CRS was developed by the OECD in

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[307] OECD and Council of Europe. *Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*. 2011. URL: https://www.oecd-ilibrary.org/taxation/the-multilateral-convention-on-mutual-administrative-assistance-in-tax-matters_9789264115606-en [Visited on 01/05/2025].

[308] For more on the US FACTA regime, see https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca (visited on 01/05/2025).

[309] Jane Gravelle and Donald J. Marples. *The Foreign Account Tax Compliance Act (FATCA)*. tech. rep. United States Congress - Congressional Research Service, July 2022. URL: https://www.congress.gov/crs_external_products/IF/PDF/IF12166/IF12166.2.pdf.

response to a G20 request and approved by the OECD Council on 15 July 2014. The implementation rules for automatic information sharing under the CRS are contained in the CRS-MCAA.[310] The CRS-MCAA was first opened for signature by interested countries in October 2014. The first information exchanges under the CRS-MCAA occurred in September 2017.

The CRS-MCAA was the first multilateral AEOI implementation agreement of its kind, formally open to all jurisdictions that chose to participate. Until the seventh edition of the Financial Secrecy Index (2022), only MCAA was covered by this indicator. Over the past few years, the OECD has, however, expanded both the number and scope of MCAAs in the field of AEOI. As of 2025, the indicator assesses four additional MCAAs.

The second MCAA assessed under the indicator is the Multilateral Competent Authority Agreement on the Automatic Exchange regarding CRS Avoidance Arrangements and Opaque Offshore Structure (MDR-MCAA). The MDR-MCAA was developed by the OECD in 2019, following the release of the OECD's Model Disclosure Rules on CRS Avoidance Arrangements and Opaque Offshore Structures.[311]

The Model Disclosure Rules (MDR) target schemes that could be used either to circumvent the CRS or to obscure the identity of the beneficial owner of financial accounts and require an intermediary or user of a targeted scheme to disclose certain information to its tax administration. Country adoption of the MDR is voluntary: each country can decide whether to implement the rules into its domestic law. The enforcement of the sanctions proposed in the model rules has furthermore proven to be difficult and may be insufficient to incentivise disclosure effectively.[312]

If the reportable information on CRS avoidance schemes relates to users who are residents in another jurisdiction, the information must be exchanged with the tax administration(s) of that jurisdiction. The rules for such an automatic exchange are established by the MDR-MCAA.[313]

Countries that are party to the MDR-MCAA receive a score reduction for demonstrating a commitment to enforcing the CRS to the fullest extent by tackling circumvention strategies. Countries that are not party to the MDR-MCAA

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[310] For the (model) text of the CRS-MCAA, see: https://www.oecd.org/tax/exchange-of-tax-information/multilateral-competent-authority-agreement.pdf [visited on 01/05/2025].

[311] OECD. *Model Mandatory Disclosure Rules for CRS Avoidance Arrangements and Opaque Offshore Structures*. Tech. rep. Sept. 2018. URL: http://www.oecd.org/tax/exchange-of-tax-information/model-mandatory-disclosure-rules-for-crs-avoidance-arrangements-and-opaque-offshore-structures.pdf [Visited on 01/04/2022].

[312] Andres Knobel. *OECD Rules vs CRS Avoidance Strategies: Not Bad, but Short of Teeth and Too Dependent on Good Faith*. Mar. 2018. URL: https://www.taxjustice.net/2018/03/27/oecd-rules-vs-crs-avoidance-strategies-not-bad-but-short-of-teeth-and-too-dependent-on-good-faith/ [Visited on 04/05/2022].

[313] For the (model) text of the MDR-MCAA, see: OECD. *International Exchange Framework for Mandatory Disclosure Rules on CRS Avoidance Arrangements and Opaque Offshore Structures*. 2019. URL: https://www.oecd.org/content/dam/oecd/en/publications/reports/2018/03/international-exchange-framework-for-mandatory-disclosure-rules-on-crs-avoidance-arrangements-and-opaque-offshore-structures_3b9324e9/1cf5402b-en.pdf [Visited on 08/05/2025], p.7.

still receive a partial score reduction if they have implemented mandatory disclosure rules in their domestic law, even if these rules are not complemented with a framework to exchange information automatically. For EU member countries, the adoption of such legislation is mandatory under the fifth amendment of the Directive on Administrative Cooperation (known as DAC6).[314] The information thus collected under DAC6 is automatically exchanged with other EU member countries but not with non-EU countries, which makes this regime fall short of contributing to universal tax transparency.

The third MCAA assessed under the indicator is the Multilateral Competent Authority Agreement on the Automatic Exchange of Information on Income Derived Through Digital Platforms (DPI-MCAA). In many countries, operators of digital platforms are required to collect information on the income realised by those offering accommodation, transport and personal services through platforms and to report the information to the tax authorities.[315] If the service provider or the rented immovable property is located in another country than the country where the digital platform is located (which is often the case), the DPI-MCAA provides rules for the tax authorities of the platform country to exchange this information automatically with the country where the service provider or the immovable property is located. The DPI-MCAA was developed in 2022.[316]

The fourth MCAA covered by this indicator is the Multilateral Competent Authority Agreement on the Crypto Asset Reporting Framework (CARF-MCAA). Whereas the CRS focuses on financial accounts held with financial institutions, the CARF was developed by the OECD in 2022 to create a framework for the automatic exchange of tax-relevant information on crypto assets. The intermediaries subject to reporting under the CARF are crypto asset service providers like custodial wallet providers, crypto asset trading platforms operators, or crypto asset brokers. If these crypto asset service providers satisfy the reporting nexus in one of the CARF-MCAA countries because they have their tax residence, place of incorporation or place of management in that country, the tax authorities will automatically collect and exchange information with the country of the owners of the crypto assets if this country is also a party to the CARF-MCAA. The CARF-MCAA was opened to signature in October 2024[317]. The first information

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[314] Council of the European Union. *Council Directive (EU) 2018/822 of 25 May 2018 Amending Directive 2011/16/EU as Regards Mandatory Automatic Exchange of Information in the Field of Taxation in Relation to Reportable Cross-Border Arrangements*. May 2018. URL: http://data.europa.eu/eli/dir/2018/822/oj/eng [Visited on 01/04/2022].

[315] For the OECD's model rules for reporting by platform operators with respect to sellers in the sharing and gig economy, see: OECD. *Model Rules for Reporting by Platform Operators with Respect to Sellers in the Sharing and Gig Economy*. 2020. URL: https://www.oecd.org/en/topics/sub-issues/international-tax-compliance-policies-and-best-practices/model-reporting-rules-for-digital-platforms.html [Visited on 08/05/2025].

[316] For the text of the DPI-MCAA, see: OECD. *Model Reporting Rules for Digital Platforms: International Exchange Framework and Optional Module for Sale of Goods*. 2021. URL: https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/06/model-reporting-rules-for-digital-platforms_5396003d/8ffb8d09-en.pdf [Visited on 08/05/2025], p.6.

[317] For the text of the CARF-MCAA, see: OECD. *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 Update to the Common Reporting Standard*. Oct. 2023. URL: https://www.oecd.org/content/dam/oecd/en/publications/

exchanges are expected to take place in 2027, relating to data collected during the 2026 calendar year.

The fifth MCAA covered by this indicator is the Addendum to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS Addendum). The CRS Addendum was developed together with the CARF in 2022 and brings certain new financial assets, products, and intermediaries within the scope of CRS reporting, including certain electronic money products and Central Bank Digital Currencies. Among other changes, the CRS Addendum also extends the CRS to cover indirect investments in cryptoassets made through derivatives and investment vehicles via traditional financial intermediaries. The CRS Addendum was opened to signature in October 2024.[318]

Under this component, jurisdictions that are parties to the CRS-MCAA or to both the CRS-MCAA and the CRS Addendum have their secrecy scores reduced from 100 points to 75 and 50 points, respectively. For each of the other MCAAs, the jurisdiction is party to, the score is reduced by 10 points.

Finally, it is important to recognise that developing countries do not have equal public resources available to implement the technical standards for automatic exchange of information compared to developed countries. AEOI standards are usually designed to cater to the interests and administrative capacity of developed countries. Implementation of the standards is, however, a prerequisite if developing countries want to enjoy the benefit of automatic information exchanges, given that the regime is based on strict reciprocity. As part of the roadmap for developing countries' participation in AEOI, the OECD/Global Forum on Transparency has created the CRS pilot projects. Under the pilot projects, developing countries partner up with a developed country to start exchanging information in a limited form and to prepare for full AEOI in the near future. footnote.[319] The Global Forum's original roadmap for developing countries from 2014 is available online.[320] If the Global Forum records that a developing country is participating in a pilot program (or has participated in a pilot program that has been suspended) and thereby indicates its intention to join the CRS if sufficient capacity has been built up, it receives a secrecy score reduction of 50, even if the country has not (yet) formally become party to the CRS-MCAA and CRS Addendum.

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reports / 2023 / 06 / international - standards - for - automatic - exchange - of - information - in - tax - matters_ab3a23bc/896d79d1-en.pdf [Visited on 08/05/2025], p.69.

[318] For the text of the CRS Addendum, see: OECD, *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 Update to the Common Reporting Standard*, p.131.

[319] Global Forum on Transparency and Exchange of Information for Tax Purposes. *Enabling Global Progress in Tax Transparency - 2024 Global Forum Capacity Building Report*. Tech. rep. 2024. URL: https : / / web - archive . oecd . org / tax / transparency / documents / 2024 - global - forum - capacity - building-report.pdf [Visited on 08/05/2025].

[320] Global Forum on Transparency and Exchange of Information for Tax Purposes. *Automatic Exchange of Information: A Roadmap for Developing Country Participation*. Tech. rep. Aug. 2014. URL: https : //web.archive.org/web/20220301171138/http://www.oecd.org/ctp/exchange-of-tax-information/global-forum-AEOI-roadmap-for-developing-countries.pdf [Visited on 09/05/2025].

Table 3.39. Scoring Matrix: Component 1 - Multilateral competent authority agreements

Criteria	Secrecy Score	Source
Whether the jurisdiction is a party to the CRS-MCAA and the CRS Addendum	50 points if yes to CRS-MCAA and CRS Addendum 75 points if CRS-MCAA but not CRS Addendum 100 if no	OECD's list of CRS-MCAA and CRS Addendum signatories
Whether the jurisdiction is a party to the MDR-MCAA	-10 points if yes to MDR-MCAA -5 points if not a party to the MDR-MCAA, but reporting is required under domestic law	OECD's list of MDR-MCAA signatories
Whether the jurisdiction has signed the DPI-MCAA	-10 points if yes	OECD's list of DPI-MCAA signatories
Whether the jurisdiction has signed the CARF-MCAA	-10 points if yes	OECD's list of CARF-MCAA signatories
Pilot projects: Whether the country is a developing country reported participating in a CRS pilot project in anticipation to joining the CRS-MCAA	-50 points (reduction) if yes	2024 OECD/Global Forum, Enabling Global Progress in Tax Transparency - 2024 Global Forum Capacity Building Report

Component 2: implementation of the Common Reporting Standard

The second component of the indicator assesses a number of elements that determine the dimensions of jurisdiction's effective implementation of automatic exchange of information of financial account information under the Common Reporting Standard (CRS). The component is comprises three elements: a measure of a jurisdiction's "meaningful" activated CRS relationships which lowers the score in proportion of the number of relations; selected obstacles against effective CRS implementation which increase a jurisdiction's score under this indicator if in place; and selected improvements which may lower the score.

Number of "meaningful" activated CRS relationships

The first element measures how many bilateral exchange relationship a jurisdiction has established under the CRS-MCAA. For effective automatic exchange of financial account information to take place between two jurisdictions, besides being party to the MAAC and the MCAA, both jurisdictions also need to file a notification with a list of intended exchange partner jurisdictions. If no notification is filed, no exchanges take place, regardless of the jurisdiction being a party to the CRS-MCAA.[321]

[321] For more information on the establishment of bilateral exchange relationships under the CRS-MCAA, see: OECD. *Questions and Answers on International Exchange Relationships for CRS*

Under the CRS, jurisdictions commit to exchange information with 'all interested appropriate partners'. This means jurisdictions can actively chose not to exchange information with certain jurisdictions for political reasons or because - in their assessment - a receiving jurisdiction does not meet confidentiality or data protection standards. However, since the Global Forum has already held these jurisdictions compliant with the standard when assessing them on occasion of joining the CRS, there should be no reason for an individual jurisdiction to come to an opposite conclusion regarding certain partner jurisdictions.[322] Therefore, all jurisdictions should opt to exchange information with all other jurisdictions party to the CRS-MCAA.

Unfortunately, the OECD keeps the notifications with listed countries confidential and only publishes 'matched' relationships where both jurisdictions have listed each other as receiving jurisdictions. If certain bilateral relationships are not published because of the lack of a match, it is impossible to know whether the lack of a match is caused by one or the other jurisdiction's failure to list the other.

An additional complicating factor is the fact that jurisdictions are allowed to opt for 'voluntary secrecy', which means that they will send information to listed jurisdictions that match, but are not interested in receiving information. The choice for voluntary secrecy by receiving jurisdictions also impacts the number of matching relationships entered into by sending jurisdictions. Both the choice for voluntary secrecy on the receiving side and the non-listing of receiving jurisdictions on the side of the sending jurisdictions imply that all jurisdictions receive information from more jurisdictions than they send.

For the scoring of this element for a jurisdiction, the number of matching relationships is considered, meaning the number of jurisdictions from which the jurisdiction is receiving information. For voluntary secrecy jurisdictions, this number is zero. In such cases, the scoring is based on the number of jurisdictions to which the voluntary secrecy jurisdiction is sending information. This excludes relationships with other voluntary secrecy jurisdictions.

Consequently, even if two voluntary secrecy jurisdictions chose each other as potential recipient jurisdictions, the OECD portal will not publish this relationship as a match. This is a good thing because it means the OECD is only publishing "meaningful" relationships, understood as relationships in which information actually flows, at least unidirectionally. Otherwise, "theoretical" relationships would be considered between two voluntary secrecy countries, where no exchanges take place.

Information. URL: https://www.oecd.org/content/dam/oecd/en/topics/policy-issue-focus/aeoi/questions-and-answers-international-exchange-relationships-crs-information.pdf [Visited on 09/05/2025]. For the list of activated bilateral CRS relationships held by the OECD, see: OECD. *Activated Exchange Relationships for CRS Information*. URL: https://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/exchange-relationships/ [Visited on 01/04/2022].

[322] Global Forum on Transparency and Exchange of Information for Tax Purposes. *Tax Transparency 2016. Report on Progress*. Tech. rep. 2016. URL: www.oecd.org/tax/transparency/GF-annual-report-2016.pdf [Visited on 01/04/2022].

Under this element, a jurisdiction's secrecy score is proportionally reduced by up to 50 points in line with the proportion of "meaningful CRS relationships" against the theoretical maximum number of relationships possible among participants of the CRS-MCAA.

Obstacles to effective CRS implementation

Regardless of a jurisdiction being a party to the CRS-MCAA and engaging in a high number of "meaningful" bilateral CRS relationships, the effectiveness of the AEOI regime largely depends on how the rules are implemented and used in practice.

To assess the effective implementation of CRS in individual jurisdictions, the indicator relies on peer reviews of the standard on AEOI of financial accounts undertaken by the Global Forum on Transparency and Exchange of Information for Tax Purposes. Since 2020, the Global Forum has been publishing the Peer Reviews of the Automatic Exchange of Financial Account Information. These reports provide information on whether the assessed jurisdictions have the necessary 'legal framework' in place that allows them to automatically exchange information for CRS purposes. Since 2022, the Global Forum also been assessing jurisdictions 'effectiveness in practice'. Both 'legal framework' and 'effectiveness in practice' contain a domestic and an international component of analysis.[323]

The scoring of this element is based on the peer review ratings given on each of the four elements. The scoring is based on a lowest denominator approach: the worst rating for the jurisdiction, be it the legislative framework or the implementation, determines the score. Therefore, a jurisdiction only gets a reduction of its secrecy score if both the legal framework and effective implementation are in place, for both domestic and international elements. The indicator score of jurisdictions which have not (yet) been assessed by the Global Forum is not affected by this element.

In addition, under this element, jurisdictions that have opted for "voluntary secrecy" (see above under 'Number of "meaningful" activated CRS relationships') are also given an increase in their secrecy score under this indicator. A jurisdiction that commits to CRS but at the same time opts not to receive information is clearly signalling to potential tax evaders that they will guarantee financial secrecy and will not enforcing their tax laws. This is problematic because any resident of a voluntary secrecy jurisdiction will become a non-reportable person under CRS, meaning that information on their financial accounts abroad will not even be collected by foreign financial institutions. This situation is prone to abuse, especially if these jurisdictions also provide lax residency and citizenship 'by investment' rules, allowing persons to pretend to be resident in those countries to avoid CRS, while still living and working in their genuine countries of residence (see the indicator on Golden visas for more

[323] Global Forum on Transparency and Exchange of Information for Tax Purposes. *Peer Review of the Automatic Exchange of Financial Account Information 2024 Update*. Tech. rep. Nov. 2024. URL: https://www.oecd.org/en/publications/peer-review-of-the-automatic-exchange-of-financial-account-information-2024-update_1aa02413-en.html [Visited on 29/01/2025].

details). As the CRS itself generally does not oblige jurisdictions to use the received information for enforcing their tax laws, the signalling aspect of voluntary secrecy is its only (but questionable) purpose.

A jurisdiction is a voluntary secrecy jurisdiction if it has opted to be listed in Annex A of the CRS-MCAA as a jurisdiction that will send but not receive information.[324] The assessment of whether a jurisdiction is a voluntary secrecy jurisdiction is based on the Global Forum's AEOI peer review reports.

Improvements of CRS effectiveness

The final element of this component assesses two policy improvements that a jurisdiction can adopt to drastically improve the effectiveness of the regime of automatic exchange of financial account information. These policy options are not compulsory under the current international standards but they should be. If a jurisdiction adopts these policies, its secrecy score under this indicator is reduced.

The first policy improvement concerns the so-called speciality constraint of information exchanged under the CRS. The speciality constraint implies that receiving jurisdictions may only use the information to enforce their tax laws. Financial account information may, however, also be relevant to enforce criminal laws. Often, tax evasion involving foreign accounts goes hand in hand with the crimes of corruption or money laundering. For example, if a foreign bank account holder cannot explain the origin of the funds on the account, this could be indicative of the crime of money laundering, regardless of the aspect of tax evasion. Therefore, information obtained under the CRS (and other types of AEOI like the CARF, for that matter) should be useable by receiving countries to tackle all kinds of crimes, not just matters of tax evasion. Such a whole-of-government approach is needed to effectively tackle illicit financial flows. Under the MAAC and the MCAA, the use of received information is, however, restricted to tax purposes, unless the sending jurisdiction allows the receiving jurisdiction to use it for non-tax purposes.[325]

To address this policy flaw, Latin American countries signed the Punta del Este Declaration, calling on countries in the region to work towards allowing AEOI information to be used for tackling corruption and money laundering. The Punta del Este Declaration is not binding. Since 2022 several Latin American countries have embarked on a pilot project to guarantee that information exchanged for tax purpose between participating countries can be used to investigate non-tax crimes.[326]

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[324] See section 2 at 1.2. of the CRS-MCAA.

[325] Andres Knobel. *The Use of Banking Information to Tackle Corruption and Money Laundering: A Low-Hanging Fruit the OECD Refuses to Harvest*. Apr. 2019. URL: https://www.taxjustice.net/2019/04/30/the-use-of-banking-information-to-tackle-corruption-and-money-laundering-a-low-hanging-fruit-the-oecd-refuses-to-harvest/ [Visited on 02/04/2022].

[326] For the text of the Punta del Este Declaration, see: OECD. *Punta Del Este Declaration: A Call to Strengthen Action against Tax Evasion and Corruption*. Nov. 2018. URL: https://web-archive.oecd.org/tax/transparency/documents/latin-american-ministerial-declaration.pdf [Visited on 09/05/2025]

A similar development has occurred in the EU with the adoption of the seventh amendment to the Directive on Administrative Cooperation (known as DAC8). DAC 8, which must be transposed by EU members by the end of 2025, provides that, besides for tax purposes, all tax information exchanged under the DAC may also be used by the receiving EU country, for "anti-money laundering and countering the financing of terrorism."[327]

Jurisdictions which have partly removed the speciality constraint of automatic exchange of information through participation in regional initiatives like the Punta del Este pilot projects or regulatory developments like DAC8 receive a reduction of their secrecy score under this indicator[328] This score reduction is also granted to jurisdictions which are not (yet) participating in the CRS-MCAA or other MCAAs because these initiatives also expand the use of information exchanged on request. Regional initiatives like these are the first step towards a global embrace of a whole-of-government approach to AEOI and the tackling of illicit financial flows.

The second policy improvement concerns the so-called "wider-wider approach" under CRS. In principle, the CRS requires financial institutions to collect and report information on account holders who are residents in a jurisdiction that participates in the CRS-MCAA and whose account information will be sent to the tax authorities in that jurisdiction. Under the CRS, participating jurisdictions are however allowed to adopt the "wider approach" to CRS diligence in their domestic law. Under the wider approach to CRS due diligence, financial institutions must identify any relevant foreign tax resident, irrespective of whether such persons are residing in a jurisdiction that will be receiving information. This wider approach has the advantage of reducing costs for financial institutions because they do not need to perform additional due diligence each time a new jurisdiction joins the CRS.

However, the wider approach does not improve the effectiveness of automatic exchange of information because information that is recorded but will not be exchanged still stays with the financial institutions. An improved version would therefore be what we call the "wider-wider approach," where information on all foreign account holders is collected by financial institutions and transferred to their local tax authority. Local tax authorities cannot share information automatically with foreign countries that are not party to the CRS. However, they could spontaneously send or publish information in aggregated and anonymised form so jurisdictions not (yet) participating in the CRS - often developing

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[327] Council of the European Union. *Council Directive (EU) 2023/2226 of 17 October 2023 Amending Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation*. Oct. 2023. URL: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202302226 [Visited on 08/05/2025], Article 1(7).

[328] It should be noted that the practical effect of a country unilaterally including a provision to allow uses beyond tax purposes in its domestic legislation is in itself fully reflecting countries' commitment under the Punta Del Este declaration. This commitment involves both sending and receiving countries agreeing for information to be used for non-tax purposes. For the scoring of this element under the indicator, a good score is assigned based solely on the inclusion of a domestic law provision that allows the use of received information for non-tax purposes.

countries - can at least form an idea of the offshore account activity of their resident taxpayers. They can also publish statistics on the total number of accounts and values held with local banks by residents of each country. This would enable policymakers from developing countries not participating in the CRS as well as journalists, academics and civil society organisations, to monitor and obtain basic data about foreign bank accounts.[329]

The OECD CRS portal lists jurisdictions which apply the wider approach, where financial institutions collect information on all non-residents (regardless of whether a resident is in a participating jurisdiction or not).[330] The OECD does not publish information about jurisdictions implementing the wider-wider approach. The assessment of a jursidiction's adoption of the wider-wider approach is based on analysis of local laws or responses to the Tax Justice Network's survey.

Table 3.40. Scoring Matrix - Component 2: Implementation of the CRS

Criteria	Secrecy Score	Source
Number of "meaningful" activated CRS relationships.		
The number of "meaningful" activated bilateral exchange relationships under the CRS-MCAA	-50 points (reduction) if the jurisdiction has "meaningful" activated exchange relationships with the highest available number of "meaningful" relationships. Less reduction pro-rata according to the actual number of "meaningful" activated exchange relationships.	OECD's list of activated bilateral exchange relationships under the CRS-MCAA
Obstacles to effective CRS implementation		

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[329] Andres Knobel and Markus Meinzer. *Delivering a Level Playing Field for Offshore Bank Accounts. What the New OECD/Global Forum Peer Reviews on Automatic Information Exchange Must Not Miss*. Tech. rep. Mar. 2017. URL: www.taxjustice.net/wp-content/uploads/2013/04/TJN_AIE_ToR_Mar-1-2017.pdf [Visited on 07/05/2022]; Andres Knobel. *How to Assess the Effectiveness of Automatic Exchange of Banking Information?* Dec. 2018. URL: https://www.taxjustice.net/2018/12/20/how-to-assess-the-effectiveness-of-automatic-exchange-of-banking-information/ [Visited on 03/05/2022]; Andres Knobel. *Statistics on Automatic Exchange of Banking Information and the Right to Hold Authorities (and Banks) to Account*. 2019. URL: https://www.taxjustice.net/2019/06/21/statistics-on-automatic-exchange-of-banking-information-and-the-right-to-hold-authorities-and-banks-to-account/ [Visited on 07/05/2022]; Andres Knobel. *Isle of Man Banking Data Leak Reveals How Sharing Data Can Identify Offshore Strategies and Improve Beneficial Ownership*. Sept. 2021. URL: https://taxjustice.net/2021/09/29/isle-of-man-banking-data-leak-reveals-how-sharing-banking-data-can-identify-offshore-strategies-and-improve-beneficial-ownership-transparency/ [Visited on 04/04/2022]; Andres Knobel. *Penguins Hold Millions in Australian Banks: Revealing Trends from Australian and German Banking Statistics*. Dec. 2021. URL: https://taxjustice.net/2021/12/14/penguins-hold-millions-in-australian-banks-revealing-trends-from-australian-and-german-banking-statistics/ [Visited on 30/03/2022].

[330] OECD. *CRS by Jurisdiction - Organisation for Economic Co-operation and Development*. URL: https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/crs-by-jurisdiction/ [Visited on 01/04/2022].

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Criteria	Secrecy Score	Source
Whether the country complies with both the domestic legal requirements and domestic implementation in practice to ensure sufficient automatic exchange of information pursuant to the Common Reporting Standard (Core 1 of Global Forum AEOI peer review)	+10 points if no + 5 points if yes, but needs improvements	Global Forum Peer Review report on Automatic Exchange of Information
Whether the country complies with both the international legal requirements and international implementation in practice to ensure sufficient automatic exchange of information pursuant to the Common Reporting Standard (Core 2 of Global Forum AEOI peer review)	+10 points if no + 5 points if yes, but needs improvements	Global Forum Peer Review report on Automatic Exchange of Information
Whether it chose "voluntary secrecy" to prevent receiving information or is otherwise not compliant with basic confidentiality requirements to receive information	+10 points if yes	OECD's list of activated bilateral relationships under the CRS-MCAA
Improvements of CRS effectiveness		
Whether the jurisdiction takes part in regional initiatives or like the Punta del Este Declaration or is bound by rules like EU Directive DAC8 which allow AEOI information to be used beyond tax purposes to tackle corruption or money laundering.	-10 points if yes	Signatories of the Punta del Este Declaration, EU Member countries, FSI Survey or declaration by a country's authorities
Whether the jurisdiction is applying the "wider-wider approach", requiring financial institutions to collect information on all foreign accountholders and to report it to the local tax authority	-10 points if yes	FSI Survey or declaration by a country's authorities

3.18.2 Why is this important?

Progressive and effective tax systems tax individuals and companies on a worldwide basis. In most countries, taxpayers are therefore required to declare their worldwide income. Tax authorities usually rely on information reporting by third parties like employers or banks to ensure proper reporting of taxable income.[331] Tax authorities' investigative powers to require information holders like banks or business counterparties to provide information on a taxpayer's income

[331] Research by the United States IRS from 2024 shows that misreporting of income amounts, subject to substantial information reporting and withholding tax, is 1 per cent of income. For amounts subject to substantial information reporting but not withholding tax, it is 6 per cent; and for income amounts subject to little or no information reporting, it is 55 per cent. *Federal Tax Compliance Research: Tax*

are limited by national borders. If income is derived from abroad or if funds are held in offshore bank accounts, tax authorities have to rely on self-declaration. This makes hiding wealth offshore an easy way to avoid taxes.

Recent studies estimate offshore financial wealth to amount to around US$13.6 trillion, an important part of which is out of the reach of authorities.[332] Estimates by the Tax Justice Network from 2024 show that public coffers lose nearly US$145 billion in tax revenue each year to offshore tax evasion related to undeclared financial wealth.[333]

Automatic exchange of information is a crucial tool for bridging the information gap and effectively taxing wealth held offshore. Automatic exchange implies that tax authorities annually receive, in bulk, information on foreign bank accounts (and even crypto wallets) and income received on those accounts by their residents. This information can be used to assess the taxpayer's worldwide income or provide the required indications to send a request for additional information from the foreign information holder, if needed (see the secrecy indicator on the exchange of information upon request).

Automatic exchange also has an important deterrent effect on tax evasion: often the mere knowledge by the taxpayer that the tax authorities will receive the relevant information from abroad is sufficient to drastically improve the accuracy of self-declaration of foreign accounts or may even still the appetite to maintain foreign accounts altogether.

For individual jurisdictions, the implementation of the various elements of the automatic exchange of information, as measured in this indicator, is a sovereign choice. Those jurisdictions that fail to implement the automatic exchange of information and thereby allow local banks and other information holders to provide foreign customers with the option to hide wealth in local accounts, contribute significantly to global tax evasion.

The awareness that taxation of worldwide income in the taxpayer's country of residence can only function if sufficient information is exchanged is as old as the residence-based international tax regime itself. From the inception of the international tax regime in the 1920s, at the League of Nations, automatic exchange of information was contemplated as a tool to curtail tax evasion, but was never implemented in the 20th century.[334] The strict adherence to banking secrecy by countries was another important element which complicated efforts against tax evasion via offshore bank accounts. Over the decades, bilateral tax treaties consistently came with provisions for exchange of information, but

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Gap Projections for Tax Year 2022. Tech. rep. United States Internal Revenue Service (IRS), Oct. 2024. URL: https://www.irs.gov/pub/irs-pdf/p5869.pdf

[332] Annette Alstadsæter et al. *Global Tax Evasion Report 2024*. Tech. rep. EU Tax Observatory, 2023. URL: https://www.taxobservatory.eu/www-site/uploads/2023/10/global_tax_evasion_report_24.pdf.

[333] Tax Justice Network, *State of Tax Justice 2024*.

[334] Sunita Jogarajan, *Double Taxation and the League of Nations* (2018); Vanessa Ogle, 'Governing Global Tax Dodgers: The "Group of Four" and the Taxation of Multinational Corporations, 1970s–1980s', *Business History Review*, 97/3 (2023), 547–74.

exchange of information on request and only of information not privileged by the banking secrecy in requested countries.

In the aftermath of the global financial crisis of 2008, the G20 declared that "*the era of bank secrecy is over*" and urged countries to adopt the OECD/Global Forum international standard for exchange of information.[335] Said standard revolved, however, around information exchange on request. While countries could no longer refuse requests by claiming the information was protected under their domestic banking secrecy laws, a valid information request did (and still does) require the requesting tax authority to provide valid indications showing that the requested information is 'foreseeably relevant' to levy taxes due on the taxpayer. If tax authorities are completely unaware of the existence of a taxpayer's foreign accounts, exchange of information upon request will lack the smoking gun to be used successfully.

For this reason, it is the development of the international standard for the automatic exchange of financial account information in tax matters in 2014 which is generally considered the "big bang" moment in the fight against tax evasion.[336] This standard, also known as the Common Reporting Standard (CRS), was inspired by the United States Foreign Account Tax Compliance Act (FATCA). The CRS requires financial institutions to report information on accounts held by non-residents with their tax authorities. The latter then share this information automatically and on annual basis with the tax authorities of the account holder's country of residence.

The OECD reports that in 2022, information on over 123 million financial accounts has been exchanged automatically between countries, covering total assets of almost EUR 12 trillion. Nearly EUR 126 billion in tax, interest and penalties has been raised since automatic exchange of information was first implemented.[337] Research furthermore shows that since the implementation of CRS, the amount of bank deposits with foreign banks has decreased by 25%, far outweighing the dampening effect on tax evasion generated by exchange of information on request.[338] The CRS is furthermore believed to have reduced the use of offshore corporate structures to hide assets owned by individual taxpayers by up to 67% compared to a scenario without automatic exchange of information.[339]

While the CRS created a shift in the ability of countries to tackle offshore tax evasion, it did not come without its flaws. As shown in high-profile media leaks

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[335] G20, London Summit, Leaders' Statement of 2 April 2009 and 'Global Plan Annex: Declaration on Strengthening the Financial System', available at: https://www.g20.utoronto.ca/2009/2009communique0402.pdf and https://www.g20.utoronto.ca/2009/2009ifi.html.

[336] Leo Ahrens and Fabio Bothner. 'The Big Bang: Tax Evasion after Automatic Exchange of Information under FATCA and CRS'. *New Political Economy*, 25(6) 2020, pp. 849–864.

[337] Global Forum on Transparency and Exchange of Information for Tax Purposes, *Peer Review of the Automatic Exchange of Financial Account Information 2024 Update*.

[338] Sebastian Beer et al. 'Hidden Treasure: The Impact of Automatic Exchange of Information on Cross-Border Tax Evasion'. *IMF Working Paper*, (286) 2019.

[339] Ahrens and Bothner, 'The Big Bang: Tax Evasion after Automatic Exchange of Information under FATCA and CRS'.

and in subsequent analysis, like that of the Tax Justice Network's, professional advisers and other intermediaries were in the market of exploiting CRS loopholes and designing and commercialising offshore structures and arrangements that allow tax evaders to maintain offshore accounts that continue to go unreported.[340] For this purpose, in 2018 the OECD developed the so-called Model Mandatory Disclosure Rules for CRS Avoidance Arrangements and Opaque Offshore Structures (MDRs). The MDRs are a set of rules that countries can adopt in their domestic law which require intermediaries and taxpayers to report on schemes that could be used to avoid reporting under the CRS.[341] Automatic exchange of reported CRS avoidance arrangements or structures between jurisdictions can take place if both jurisdictions are party to the MDR-MCAA. Under the MDR-MCAA, exchange takes place with all jurisdictions of residence of 'reportable taxpayers' involved in the reported arrangements or structures.

In 2022, after a review of the initial CRS, further amendments were made to the standard. The scope of reporting was broadened to also include digital financial products like e-money and central bank digital currencies. Crypto asset derivatives were qualified as reportable financial assets. The reportable information was expanded by also including information on whether accounts are new or pre-existing and details on joint account holders, if any. Certain enhancements on the self-certification procedures of account holders and due diligence procedures by intermediaries were also made.[342] To benefit from automatic exchange of information in line with the amended CRS, both sending and receiving jurisdictions need to be a party to the CRS Addendum.

While the CRS and its improvement over the years have reduced the total of undeclared wealth held in offshore bank accounts, this reduction does not necessarily translate into the transfer of wealth to reportable financial accounts. Instead, evaders may simply substitute wealth on bank accounts that have become reportable for non-reportable foreign assets like immovable property, luxury goods or cryptocurrencies.[343] Especially cryptocurrencies have been used for this type of 'asset substitution'.[344] The first cryptocurrency boom took place in 2017, around the time CRS first became operational and in the direct aftermath of the Paradise Papers revelations. A similar spike in cryptocurrency trading volumes and prices has been witnessed after the release of the Pandora Papers in

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[340] For an analysis by the Tax Justice Network, see: https://taxjustice.net/wp-content/uploads/2013/04/TJN-141124-CRS-AIE-End-of-Banking-Secrecy.pdf.

[341] For an analysis of these rules by the Tax Justice Network, see: https://taxjustice.net/2018/03/27/oecd-rules-vs-crs-avoidance-strategies-not-bad-but-short-of-teeth-and-too-dependent-on-good-faith/ and https://taxjustice.net/2023/07/14/the-unexploited-silver-bullet-to-tackle-enablers-mandatory-disclosure-rules/

[342] For details on the amended CRS, see: OECD, *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 Update to the Common Reporting Standard*, p.90.

[343] See RIS Discussion Paper Series (2025), Agenda for South Africa G20 Presidency, Global South Should Aim at a Comprehensive Package for Addressing Illicit Financial Flows, available at: https://www.ris.org.in/sites/default/files/Publication/DP-301-Nilimesh-Baruah.pdf.

[344] See: Bob Michel and Tatiana Falcao, Cryptoization Through Currency Substitution: Tax Policy Options for Low-Income Countries, Tax Notes International, 21 November 2022, available at: https://ssrn.com/abstract=4283122

October 2021.[345] These are indications that large chunks of the previously undeclared wealth in offshore bank accounts has migrated to undeclared cryptocurrency ownership in response to CRS.

The growing global concern regarding the use of cryptocurrencies for tax evasion and financial crimes led to the development of the Crypto Asset Reporting Framework (CARF) in 2022. The CARF essentially transposes the CRS – designed for the traditional financial industry – onto the cryptocurrency industry. Under CARF, certain crypto asset service providers (like wallet providers, crypto exchanges, etc.) are treated like traditional financial institutions. As such, these crypto intermediaries must identify and report crypto owners who are tax resident of other jurisdictions that participate in the CARF-MCAA.

Like the CRS, the CARF is not without its flaws. First of all, the CARF only focuses on traditional crypto intermediaries like wallet providers and centralised exchanges. In reality, crypto technology is such that neither wallet providers nor centralised exchanges are needed for crypto users to own and transact cryptocurrencies via decentralised exchanges that are smart contracts on a blockchain, rather than an intermediary in the form of a legal entity that can be held accountable for reporting tax information.[346] To bridge this gap, countries need to work on regulating the use of self-hosted wallets, for instance, through the strict enforcement of the FATF's 'travel rule'.[347] Second, the framework also does not come with mandatory disclosure rules (MDR) like in the case of CRS which would deter bad actors from designing non-reportable crypto schemes.[348] Third, like all AEOI regimes developed by the OECD, the CARF applies on the basis of strict reciprocity. For developing countries, this means that the CARF's cumbersome standards need to be implemented on local crypto providers to be able to receive information from other participating jurisdictions. In many instances, developing countries rarely host significant domestic crypto providers and thus have little information to share. As a result, many developing countries have not signed up to the CARF. If measured in GDP per capita, developing countries have the highest crypto adoption rates. The CARF thus fails to deliver where information is needed the most and where the impact of evasion through crypto will be most detrimental.[349] In any case, automatic exchange of

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[345] See" Li, Congcong and Ma, Mark (Shuai), Is Cryptocurrency the New Haven for Tax Evaders? Exposé of Financial Secrecy in Tax Havens and Bitcoin Trading by Tax Evaders, 19 February 2024, available at: https://ssrn.com/abstract=4731408

[346] Bob Michel. 'Are FTX and the Other 'Bad Apples' Spoiling the Low-Hanging Fruit Approach of the OECD's Crypto-Asset Reporting Framework (CARF)?'. *IBFD Talking Points* Jan. 2023. URL: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4328576 [Visited on 27/05/2025].

[347] For more on the application and country implementation of the 'travel rule' in relation to virtual asset transactions, see:FATF. *Targeted Upate on Implementation of the FATF Standards on Virtual Assets/VASPs*. Tech. rep. Financial Action Task Force, July 2024. URL: https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/2024-Targeted-Update-VA-VASP.pdf.coredownload.inline.pdf

[348] Noam Noked. 'Ending the Crypto Tax Haven'. *Harvard Business Law Review*, 15(2025). URL: https://journals.law.harvard.edu/hblr/wp-content/uploads/sites/87/2025/03/04_HLB_15_1_Noked171-216.pdf.

[349] *The 2024 Geography of Crypto Report*. Tech. rep. Chainalysis, Oct. 2024. URL: https://www.chainalysis.com/wp-content/uploads/2024/10/the-2024-geography-of-crypto-report-release.pdf.

information based on the CARF is an essential first international step towards ending the crypto tax haven.

Another aspect of the digital age is the rapid growth of online platforms that facilitate transactions between users in the 'sharing' and 'gig' economy. The services provided and remuneration received via these platforms are not always visible to tax administrations and are often not adequately self-reported by taxpayers. The gig economy entails a shift from traditional work, which is furthermore not typically subject to third-party reporting. For countries, it is therefore crucial to introduce reporting measures that require platform operators to communicate to the tax authorities the amounts of revenue received through the platform by users. Given that the platforms that are facilitating the sharing and gig economies operate on a global scale and are more often than not located in a jurisdiction other than the jurisdiction of the service providers, automatic exchange of information arrangements are key to ensure compliance. For this purpose, countries have been signing the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived through Digital Platforms ('DPI-MCAA').

The DPI MCAA applies to digital platforms, including websites and mobile applications, by which users can sell personal services for payment, like ride-hailing services, food delivery services or the rental of immovable property. The DPI MCAA provides for annual automatic exchange of information by the residence jurisdiction of the platform operator with the jurisdiction of residence of the sellers, or in the case of the rental of immovable property, the jurisdiction where the property is located and the rental income is subject to tax.

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 3.41. Assessment Logic: Automatic exchange of information

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
150	Has the jurisdiction signed the Multilateral Competent Authority Agreement (MCAA) to implement the OECD's Common Reporting Standard (CRS) (the CRS-MCAA) and the 2023 addendum to the CRS-MCAA?	0: No: Did not sign the MCAA; 1: Signed the MCAA, but has not signed the 2023 addendum to the MCAA; 2: Signed the MCAA and signed the 2023 addendum to the MCAA.	If answer (2): 50 points; (1): 75 points; (0): 100 points; All of following scores are added/subtracted. If sum is above 100 = 100 points, below 0 = 0 points.
371	How many meaningful automatic exchange of information (AEOI) relationships (under the Multilateral Competent Authority Agreement) published by the OECD have been activated as of February 2025?	Number.	If number is 100 of possible #co-signatories / relationships: -50 points; otherwise pro rata
374	Has the jurisdiction chosen "voluntary secrecy" (listed under the MCAA's Annex A to prevent receiving information) or otherwise committed to only send but not to receive information?	0: Yes; 1: No.	+10 points if answer is Yes
376	In case the jurisdiction has not yet signed the agreement to exchange information via the Common Reporting Standard (CRS), is it a developing country that participates in a pilot project or in a capacity building initiative aimed at implementing the CRS?	0: Yes; 1: No.	If yes, then -50 points
566	Has the jurisdiction implemented the OECD's Model Mandatory Disclosure Rules (MDR) for Common Reporting Standard (CRS) avoidance arrangements and opaque offshore structures published in 2018?	0: No, the jurisdiction has neither implemented MDR for CRS nor signed the MDR-MCAA; 1: Yes, it has implemented the MDR for CRS but has not signed the MDR-MCAA; 2: Yes, it has implemented the MDR for CRS and also signed the MDR-MCAA.	1 = -5 points; 2 = -10 points
567	Is the jurisdiction applying the "wider-wider" approach (information is collected and reported to local authorities about all non-residents, regardless if resident in a participating jurisdiction or not)?	0: Yes; 1: No.	-10 points if answer is Yes
568	Has the jurisdiction signed the MCAA for implementing CARF?	0: Yes; 1: No.	-10 points if answer is Yes

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
569	Does the jurisdiction allow the use of information exchanged among tax administrations for non-tax purposes (such as combating corruption or money laundering)?	0: Yes; 1: No.	-10 points if answer is Yes
641	Does the jurisdiction comply with both the domestic legal requirements and implementation in practice to ensure a sufficient automatic exchange of information pursuant to the Common Reporting standard (Core I and II of Global Forum AEOI peer review)?	0: Yes; 1: Yes, but they need improvement; 2: No.	+10 points if no + 5 points if yes, but they need improvement
642	Does the jurisdiction comply with both the international legal requirements and implementation in practice to ensure a sufficient automatic exchange of information pursuant to the Common Reporting standard (Core I and II of Global Forum AEOI peer review)?	0: Yes; 1: Yes, but they need improvement; 2: No.	+10 points if no + 5 points if yes, but they need improvement
801	Has the jurisdiction signed the Digital Platform MCAA to automatically exchange tax information on income derived through digital platforms?	0: Yes; 1: No.	-10 points if answer is Yes

3.19 Exchange of information upon request

3.19.1 What is measured?

This indicator examines exchange of information (EOI) upon request under the amended Council of Europe / OECD Convention on Mutual Administrative Assistance in Tax Matters[350] ("MAAC"). The MAAC is a cornerstone of international tax cooperation as it forms the legal basis for various forms of administrative assistance in tax matters between countries, including the exchange of information. One of the methods for the exchange of information is the exchange 'upon request' (see article 5 of the MAAC). If a jurisdiction becomes party to the MAAC, this implies that it will have to comply with information requests by other signatory jurisdictions. For this reason, this indicator measures whether a jurisdiction is party to the MAAC.

The MAAC also serves as the legal basis for automatic exchange of information (see article 6 of the MAAC). Unlike in the case of the exchange of information on request, effective automatic exchange of information depends not only on participation in the MAAC but also on jurisdictions signing the various implementation agreements for specific forms of automatic exchange, like the Common Reporting Standard or the Crypto-Asset Reporting Framework. The participation of jurisdictions in these implementation agreements (known as 'multilateral competent authority agreements') is measured in the secrecy indicator on the automatic exchange of information.

Under the MAAC, only the exchange of information on taxes on income and on wealth is compulsory for participating jurisdictions. The MAAC also provides rules for the exchange of information on other taxes or other types of administrative assistance besides information exchange, like assistance on the collection of foreign tax debts. However, these rules are optional, and jurisdictions are allowed to express reservations against these rules applying to them. In the secrecy indicator on international legal cooperation, we measure the extent to which MAAC jurisdictions have used the MAAC's reservation possibilities to opt out of these rules.

The MAAC was originally adopted in 1988 as a closed-end treaty, only open to OECD countries and Council of Europe countries. This changed in 2010 when a protocol was signed to amend the MAAC, turning it into an open-ended treaty to which all countries could accede. The Amending Protocol entered into force on 1 June 2011[351] and has been adopted by all original MAAC jurisdictions, except for the United States. Adoption of the protocol by those countries is important

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[350] OECD and Council of Europe, *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters*.

[351] OECD. *Jurisdictions Participating in the Convention on Mutual Administrative Assistance in Tax Matters*. Dec. 2021. URL: http : / / www . oecd . org / tax / exchange - of - tax - information / Status _ of _ convention.pdf [Visited on 06/05/2022].

because it implies acceptance that any obligations assumed under the original MAAC also apply to the benefit of countries joining the MAAC on a later date.[352]

About 30 OECD countries and Council of Europe countries were party to the original MAAC before it was amended in 2010. Since the amending protocol, the country membership of the MAAC has risen exponentially. As of April 2025, the MAAC has 150 signatory parties, including jurisdictions like those comprised in the British Overseas Territories, where the MAAC applies by territorial extension of the United Kingdom's participation. The MAAC has effectively entered into force in all but 7 of these 150 parties, meaning that each of these jurisdictions is currently benefitting from information exchange upon request relationships with the other 142 jurisdictions for which the MAAC has entered into force.[353]

In this indicator, a jurisdiction that is a party to the amended MAAC is given a zero secrecy score. A country becomes party to the amended MAAC if it has signed and ratified the convention or has become otherwise legally bound by it. A jurisdiction that is not a party to the amended MAAC gets a full (100) secrecy score.

Until the 2022 edition of the Financial Secrecy Index, in the absence of participation in the amended MAAC, jurisdictions would receive an improved secrecy score based on the number of effective bilateral agreements in place for the exchange of information on request. Since the 2022 edition, only countries' participation in the amended MAAC is considered for in this indicator. This is because a country's commitment to cross-border assistance and tax transparency should be universal and not made dependent on the bilateral relationship with individual countries. If a country meets the requirements to become party to the MAAC, this should be sufficient to be able to receive administrative assistance by any of the other parties to the convention.[354]

For this same reason, the fact that the United States continues to be a party to the original MAAC of 1988 does not result in an improved score for the country.[355] One of the reasons the United States did not sign the 2010 protocol to amend the MAAC is its opposition to universal administrative assistance: the United States does not want to extend its obligation to exchange information with any country joining the amended MAAC after the United States itself did, except in case the U.S. itself has formalised a bilateral relationship with such countries to do so.[356]

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[352] For a detailed analysis of the amended MAAC, see: Markus Meinzer. *Analysis of the CoE/OECD Convention on Administrative Assistance in Tax Matters, as Amended in 2010*. Feb. 2012. URL: http://www.taxjustice.net/cms/upload/CoE-OECD-Convention-TJN-Briefing.pdf [Visited on 03/05/2022]

[353] For a list of jurisdiction participating in the amended MAAC, see (status 23 April 2025).

[354] For the requirements and procedure for countries to accede to the amended MAAC, see Global Forum on Transparency and Exchange of Information for Tax Purposes. *A Toolkit for Becoming a Party to the Convention on Mutual Administrative Assistance in Tax Matters*. 2020. URL: https://web-archive.oecd.org/tax/transparency/documents/maac-toolkit_en.pdf [Visited on 01/05/2025].

[355] OECD and Council of Europe. *Convention on Mutual Administrative Assistance in Tax Matters*. 1988. URL: https://www.state.gov/wp-content/uploads/2019/02/95-401-Multilateral-Taxation-OECD.pdf [Visited on 01/05/2025].

[356] For a discussion from a US perspective on the protocol amending the MAAC, see United States Senate - Joint Committee on Taxation. *Explanation of Proposed Protocol Amending the Multilateral*

This does not mean the United States does not participate in the exchange of information on request. It does so with OECD countries and Council of Europe countries based on the original MAAC or on its bilateral treaties. For other countries, often Global South countries which are not high priority countries from the United States' perspective, exchange of information on request depends on whether the United States is willing to sign a bilateral agreement. This is not always the case and it also turns tax transparency into a tradeable commodity, subject to bilateral negotiation and bargaining. This approach completely contradicts the universal administrative assistance principle and tax transparency underlying the amended MAAC.

The secrecy scoring matrix can be found in Table 3.42, and full details of the assessment logic can be found in Table 3.43.

Table 3.42. Scoring Matrix: Exchange of information upon request

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
No adherence to the amended MAAC Jurisdiction has not signed and ratified or otherwise become legally bound by the amended MAAC as of April 2025.	100
Adherence to the amended MAAC Jurisdiction has signed and ratified or otherwise become legally bound by the amended MAAC as of April 2025.	0

3.19.2 Why is this important?

Tax avoidance and tax evasion continue to undermine public services and increase inequalities throughout the world. In today's globalised world, taxpayers are no longer hindered by national borders to derive income and store wealth. This is difficult for tax authorities whose investigative powers are limited by jurisdictional boundaries. As such, tax authorities worldwide face great challenges in properly enforcing tax laws if income or assets are located abroad. The exchange of information on request is an essential tool for tax authorities to be able to ensure tax compliance and investigate beyond national borders.

The exchange of information on request allows tax authorities to request and receive any information on their resident taxpayers' assets or income from tax authorities in other MAAC countries. This can be information on the identity of the legal and beneficial owners of assets or legal entities, accounting information,

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Convention on Mutual Administrative Assistance in Tax Matters. Tech. rep. Feb. 2014. URL: https://www.jct.gov/getattachment/b0d387bf-00f8-4d66-9338-4472a2b1292c/x-9-14-4550.pdf.

banking information or any information held by individuals that is "foreseeably relevant" for enforcing domestic tax laws (see Article 4 of the MAAC). Requested tax authorities will either have the requested information on file or, if not on file, they will order local information holders (like local banks) to provide the information before sending it over to the requesting country.

To send a valid request for information, requesting tax authorities need indications that the taxpayer in question has wrongly declared or undeclared assets or income so that the requested information is "foreseeably relevant", as the MAAC does not allow so-called "fishing expeditions". This hinders the effectiveness of the exchange of information on request.[357] It also explains why the exchange of information on request has less of a deterring effect on tax evasion compared to the automatic exchange of information or public registries of the beneficial owners of companies, trusts and foundations, and asset ownership. As a matter of fact, in recent years, the exchange of information on request has increasingly been used to complement the automatic exchange, with a rise in requests for specific information triggered by the information received through automatic exchange.

For the different types of automatic exchange of information countries participate in, see the secrecy indicator on the automatic exchange of information. For countries' practice regarding public beneficial ownership registers, see the secrecy indicators on the beneficial ownership of trusts, foundations and companies.

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 3.43. Assessment Logic: Exchange of information upon request

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
309	Has the jurisdiction ratified the Amended Council of Europe / OECD Convention on Mutual Administrative Assistance in Tax Matters ("Mutual Assistance Convention") or otherwise become legally bound by it?	0: Yes, the jurisdiction has become legally bound by the amended Mutual Assistance Convention; 1: No, the jurisdiction has only become legally bound by the original Mutual Assistance Convention; 2: No, the jurisdiction has not become legally bound by the amended Mutual Assistance Convention.	If answer (0) or (3): 0 points; otherwise: 100 points

[357] For more on the downsides of the OECD's Standard for Exchange of Information on Request, see Meinzer, *The Creeping Futility of the Global Forum's Peer Reviews*.

3.20 International legal cooperation

3.20.1 What is measured?

This indicator measures the extent to which a jurisdiction has committed to international legal cooperation in certain tax and financial crime matters. The indicator comprises three components: administrative assistance in tax matters beyond the exchange of information of income tax (component 1); the adoption of international instruments for legal assistance in criminal matters such as corruption, money-laundering and cyber criminality (component 2); and the practical implementation of the legal cooperation in non-tax matters (component 3).

Component 1 is worth 40 points of the secrecy score, with each of its two subcomponents accounting for 20 points. Component 2 is worth 30 points of the secrecy score, with each of its four subcomponents accounting for 7.5 points. Component 3 is worth 30 points of the secrecy score, with each of its five subcomponents accounting for 6 points.

The points received on all subcomponents are combined by simple addition to arrive at the secrecy score of the indicator on international legal cooperation. The secrecy scoring matrix is shown in Table 3.44, and full details of the assessment logic can be found in Table 3.45.

Component 1: Administrative assistance in tax matters beyond exchange of information

The amended Council of Europe/OECD Convention on Mutual Administrative Assistance in Tax Matters[358] ("MAAC") is the bedrock of international tax cooperation. Whether a country is a party to the MAAC is assessed under the secrecy indicator on the exchange of information upon request. The extent to which countries participate in automatic exchange of information under the MAAC is assessed in the indicator on Automatic Exchange of Information. The relevance of the MAAC goes however beyond establishing a legal ground for the exchange of information for income tax and capital/wealth tax purposes. First of all, the MAAC contains three forms of mutual administrative assistance: (1) exchange of information; (2) assistance in the recovery of taxes; and (3) service of documents.[359] Second, besides income taxes and taxes on capital/wealth, the MAAC also covers assistance for other types of 'non-compulsory taxes' like local taxes, social security levies,[360] estate taxes, or consumption taxes. These taxes

[358] OECD and Council of Europe, *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters*.

[359] See Article 1 of the MAAC.

[360] In Article 2(1)(b)ii), the MAAC social security levies are referred to as "compulsory social security contributions payable to general government or to social security institutions established under public law." These levies are compulsory to the extent that individuals cannot opt out of being subject to them. They are non-compulsory for the purpose of the indicator's subcomponent because countries can opt to leave these out of the scope of the MAAC.

are non-compulsory in the sense that countries can decide not to list them as taxes for which they expect to receive administrative assistance under the MAAC.[361] For countries party to the MAAC, only assistance in the form of exchange of information for taxes on income and on capital/wealth is in any case compulsory. Other types of assistance and assistance in relation to other types of taxes are optional. By adopting certain reservations, countries can opt out of providing certain forms of assistance in relation to certain taxes levied by other countries. Under this component, we measure countries' use of two important reservations options under the MAAC.

Subcomponent 1: The first reservation option is included in Article 30(1)(b) of the MAAC. This provision allows countries to choose against providing assistance in the recovery of any foreign tax claim. Countries can also chose to give recovery assistance in relation to certain types of taxes (like income tax or wealth tax) but not in relation to other types (like the non-compulsory taxes). The subcomponent only measures countries' collection assistance in relation to income taxes. If a country has opted out of giving collection assistance in relation to foreign income tax claims, it receives a score of 20. If not, the country receives a score of zero.

Subcomponent 2: The second reservation option is included in Article 30(1)(a) of the MAAC. Whereas exchange of information regarding income and wealth taxes is compulsory under the Convention, this reservation allows countries to opt-out of giving any form of assistance (including exchange of information) in relation to other countries' non-compulsory taxes, provided that the country itself has not listed the same non-compulsory tax as a tax on which it itself expects to receive assistance. If a country has used this reservation to limit in any way the scope of its obligation to exchange information in relation to non-compulsory taxes, it receives a score of 20. If the country has refrained from using this reservation, it receives a zero score.

The use of the reservations drastically affects the breadth of administrative assistance obligations assumed by a country party to the MAAC. For example, Switzerland has opted out of any assistance in relation to inheritance taxes levied by other MAAC countries (subcomponent 2). This also means that Switzerland will not receive assistance from other countries to enforce its own inheritance tax. Arguably, for Switzerland, the (questionable) benefit of not complying with foreign requests to provide information on a deceased person's assets located in Switzerland outweighs the benefit of receiving assistance to overcome difficulties in enforcing its own inheritance tax laws. Switzerland also opted out of granting assistance in collecting taxes altogether (subcomponent 1). For convicted tax evaders, this means that their Swiss assets are immune to the execution of their foreign tax debts. As such, Switzerland only assumes the bare minimum of international cooperation obligations under the MAAC. France, on the other end of the spectrum, is an example of a country that has not used any of the MAAC's

[361] See Article 2 of the MAAC.

reservation possibilities. As such, France provides all forms of assistance in relation to all taxes within the scope of the Convention.

The assessment is based on the individual reservations expressed by the parties to the MAAC. A complete list of country reservations and declarations under the MAAC is kept by the Council of Europe, the depository of the Convention.[362]

Component 2: international instruments for the legal assistance in criminal matters such as corruption, money-laundering and cyber criminality (30 points)

The second component focuses on the extent to which a country adheres to widespread international conventions that establish cross-border assistance concerning the fight against financial secrecy related crimes like corruption, money-laundering or cyber criminality.[363] For each of the listed international conventions that a country has failed to become a party to, 7.5 points are added to its secrecy score under the indicator. A country becomes a party to an international convention if it has signed and ratified or otherwise legally bound itself to the agreement.[364]

Subcomponent 1: The 2003 UN Convention against Corruption (UNCAC) aims to promote the prevention, detection and sanctioning of corruption, as well as cooperation between State Parties on these matters.[365] Relevant provisions include the prohibition of tax deductibility of bribe payments (Article 14, Paragraph 4), a requirement to include bribery within the context of an effective anti-money laundering framework (Articles 23 and 52), and the ruling out of bank secrecy as a reason to object to investigations in relation to bribery (Article 40).

Subcomponent 2: The 1999 UN International Convention for the Suppression of the Financing of Terrorism requires State Parties to prevent and counteract financing of terrorists. The parties must identify, freeze and seize funds allocated to terrorist activities.[366]

Subcomponent 3: The UN Convention Against Transnational Organised Crime seeks to prevent and combat transnational organised crime, notably by obliging the State Parties to adopt new frameworks for extradition, through mutual legal assistance and law enforcement cooperation, the promotion of training and

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[362] For the list with reservations and declarations under the MAAC, see: Council of Europe. *Reservations and Declarations for Treaty No.127 - Convention on Mutual Administrative Assistance in Tax Matters (Status 30 April 2025)*. URL: https://www.coe.int/en/web/conventions/full-list?module=declarations-by-treaty&numSte=127&codeNature=0

[363] As of the Financial Secrecy Index 2018, we do not include as a subcomponent the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. This is because by 2018, the convention had already been ratified by all jurisdictions we assess.

[364] Besides ratification, countries can, in certain instances, also legally bind themselves to an international agreement through approval, acceptance, accession, or succession.

[365] The text of the convention can be found here: United Nations Office on Drugs and Crime. *United Nations Convention against Corruption*. URL: https://www.unodc.org/unodc/en/corruption/uncac.html [Visited on 27/04/2022] A brief summary of the convention's provisions can be found here: *About the UNCAC*. URL: https://uncaccoalition.org/the-uncac/about-the-uncac/ [Visited on 27/04/2022].

[366] United Nations. *International Convention for the Suppression of the Financing of Terrorism*. Dec. 1999. URL: https://www.un.org/law/cod/finterr.htm [Visited on 12/04/2022].

technical assistance for building or upgrading the capacity of national authorities.[367]

Subcomponent 4: The UN Convention against Cybercrime and the Council of Europe Convention on Cybercrime (Budapest Convention) both share the overarching goal of fighting cybercrime.[368] The Budapest Convention is open for signature by members and non-members of the Council of Europe. It focuses primarily on criminalising specific offences and the procedural powers to address these. The UN Convention against Cybercrime takes a more comprehensive approach and aims to prevent and combat cybercrime by strengthening global cooperation, including through technical assistance and capacity building geared towards developing countries. The UN Convention against Cybercrime was adopted by the General Assembly of the United Nations on 24 December 2024 and is expected to be open for country signature and ratification or accession in 2025. For the purpose of the indicator, a country that is party to the Budapest Convention and/or the UN Convention against Cybercrime receives zero points on this subcomponent.[369]

The United Nations Treaty Collection served as a source for all four UN conventions.[370] The Council of Europe is the depository of the Budapest Convention.[371]

Component 3: Practical implementation of the legal cooperation in non-tax matters (30 points)

The third component examines the extent to which a jurisdiction has effectively implemented some of the most relevant standards of international judicial cooperation on anti-money laundering and other criminal matters. We use the level of compliance with five of the Financial Action Task Force (FATF) recommendations[372] as the appropriate standards. These recommendations review the laws, institutional structures, and policies deemed necessary to

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[367] United Nations. *United Nations Convention against Transnational Organized Crime and the Protocols Thereto*. Nov. 2000. URL: https : / / www . unodc . org / unodc / en / organized - crime / intro / UNTOC.html [Visited on 12/04/2022].

[368] The text of the Budapest Convention can be found at: https://documents.un.org/doc/undoc/gen/n24/426/74/pdf/n2442674.pdf.

[369] For a comparison of the UN Convention against Cybercrime and the Budapest Convention, see: Anastasiya Kazakova and Sorina Teleanu. *Comparative Analysis: The Budapest Convention vs the UN Convention Against Cybercrime | Digital Watch Observatory*. Oct. 2024. URL: https : / / dig . watch / updates/comparative-analysis-the-budapest-convention-vs-the-un-convention-against-cybercrime [Visited on 27/05/2025]

[370] United Nations. *United Nations Treaty Collection*. URL: https : / / treaties . un . org/ [Visited on 12/04/2022].

[371] See: https://www.coe.int/en/web/cybercrime/the-budapest-convention

[372] The (new) 2013/2022 recommendations and corresponding methodology to assess compliance can be viewed at: Financial Action Task Force, *2013 Methodology For Assessing Technical Compliance With The FATF Recommendations And The Effectiveness Of AML/CFT Systems. Updated 2022.* The (old) 2003 recommendations can be viewed at Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.* The 2003 recommendations include 40 recommendations and 9 special recommendations on terrorist financing, and are referred to jointly as the FATF Recommendations. For the methodology for assessing compliance with the FATF Recommendations, see: Financial Action Task Force, *Methodology for Assessing Compliance with the FATF 40 Recommendations and FATF 9 Special Recommendations*.

counter money laundering and terrorist financing. For more details on the FATF and its recommendations, please consult the secrecy indicator on anti-money laundering.

Depending on whether a jurisdiction has been assessed according to the old or the new FATF recommendations (which took effect from 2013 onwards), this component's methodology is adjusted in two main ways. First, the contents of the recommendations reflecting judicial cooperation have changed slightly. We reflect these changes by selecting those new recommendations for assessment that most closely match the content of the old recommendations. We provide a quick comparison of the main content of the new and old recommendations below.

Second, for one of the five subcomponents, a different type of recommendation is applied to jurisdictions for which there is already a report available prepared under the new FATF methodology. This is because the total number of recommendations dealing with international judicial cooperation has reduced from five to four in the new FATF recommendations. However, eleven effectiveness measures, so-called "immediate outcomes", have been added. One of these immediate outcomes reviews how effective judicial cooperation in practice. This is the indicator we have adopted under the new methodology. In both the old and new methodology, the total number of subcomponents thus remains at five.

FATF's assessment methodology for both old and new recommendations rates compliance with every recommendation on a four-tiered scale, from "compliant" to "largely compliant" to "partially compliant" to "non-compliant". Analogously, the assessment of the immediate outcomes ranges from "high-level of effectiveness" to "substantial level of effectiveness" to "moderate level of effectiveness" to "low level of effectiveness". These four tiers are linearly scaled to values between zero and six points.[373]

Thus, a non-compliant rating will result in a secrecy score of six points for each subcomponent. All subcomponents are simply added to result in the overall component's secrecy score.

Subcomponent 1: The old recommendation 36[374] encourages countries to "provide the widest possible range of mutual legal assistance in relation to money laundering and terrorist financing investigations, prosecutions, and related proceedings".

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[373] In order to keep the measurement in line with the banking secrecy (where we are including some recommendations from the FATF), we attribute a 10% secrecy score for non-compliant, 6.5% for partially compliant, 3.5% for largely compliant and zero secrecy for fully compliant answers.

[374] Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.*

The new recommendation 37[375](formerly old recommendation 36 combined with old special recommendation 5) exhorts countries to "provide the widest possible range of mutual legal assistance in relation to money laundering and terrorist financing investigations, prosecutions, and related proceedings". In addition, countries must "Maintain the confidentiality of mutual legal assistance requests they receive, and the information contained in them [...]". Furthermore, countries should "make best efforts to provide complete factual and legal information that will allow for timely and efficient execution of requests [...]". Finally, they should ensure that their authorities "maintain high professional standards, including standards concerning confidentiality [...]".

Subcomponent 2: The old recommendation 37[376] requires that countries "to the greatest extent possible, render mutual legal assistance notwithstanding the absence of dual criminality". Extradition or mutual legal assistance should take place irrespective of legal technicalities as long as the underlying conduct is treated as a criminal offence (is a predicate offence) in both countries.

This old recommendation has no direct correspondence in the new recommendations. As a substitute, as explained above, for jurisdictions assessed under the new recommendations/methodology, we include the effectiveness assessment of immediate outcome 2 (IO2). It requires that "International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets". For a discussion of these new effectiveness measures, please consult the secrecy indicator on anti-money laundering.

Subcomponent 3: The old recommendation 38[377] requires a country to have "authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize and confiscate property laundered, proceeds from money laundering or predicate offences, instrumentalities used in or intended for use in the commission of these offences, or property of corresponding value". In addition, there should also be arrangements in place for coordinated action and sharing of confiscated assets.

New recommendation 38[378] (formerly old recommendation 38) requires a country to have "authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize and confiscate property laundered, proceeds from money laundering or predicate offences, instrumentalities used in or intended for use in the commission of these offences, or property of

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[375]Financial Action Task Force, *2013 Methodology For Assessing Technical Compliance With The FATF Recommendations And The Effectiveness Of AML/CFT Systems. Updated 2022.* While old recommendation 37 was officially omitted, most of its content was merged to new recommendation 37

[376]Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.* p.10.

[377]Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.* p.10.

[378]Financial Action Task Force, *2013 Methodology For Assessing Technical Compliance With The FATF Recommendations And The Effectiveness Of AML/CFT Systems. Updated 2022.* p.28.

corresponding value". In addition, a country's authority should be "able to respond to requests made on the basis of non-conviction-based confiscation proceedings and related provisional measures [...]" as well as to "have effective mechanisms for managing such property [...]". Finally, there should also be arrangements in place for coordinated action and sharing of confiscated assets.

Subcomponent 4: The old recommendation 39[379] asks a country to "recognise money laundering as an extraditable offence". It further details the grounds on which extradition is to take place and in what manner.

New recommendation 39[380] (formerly old recommendation 39) requires a country to "ensure money laundering and terrorist financing are extraditable offences". It further details the grounds on which extradition must take place and in what manner. It also calls on countries to "take all possible measures to ensure that they do not provide safe havens for individuals charged with the financing of terrorism, terrorist acts or terrorist organisations".

Subcomponent 5: The old recommendation 40[381] prompts countries to "ensure that their competent authorities provide the widest possible range of international co-operation to their foreign counterparts". The competent authority denotes "all administrative and law enforcement authorities concerned with combating money laundering and terrorist financing, including the FIU [Financial Intelligence Unit] and supervisors".

New recommendation 40[382] (formerly old recommendation 40) prompts countries to ensure that their competent authorities "provide the widest range of international co-operation in relation to money laundering, associated predicate offences and terrorist financing". The competent authorities "should have clear and efficient processes for the prioritisation and timely execution of requests, and for safeguarding the information received".

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[379] Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.* pp.10-11.

[380] Financial Action Task Force, *2013 Methodology For Assessing Technical Compliance With The FATF Recommendations And The Effectiveness Of AML/CFT Systems. Updated 2022.* p.29.

[381] Financial Action Task Force, *Financial Action Task Force on Money Laundering. The Forty Recommendations.* p.11.

[382] Financial Action Task Force, *2013 Methodology For Assessing Technical Compliance With The FATF Recommendations And The Effectiveness Of AML/CFT Systems. Updated 2022.* pp.29-30.

Table 3.44. Scoring Matrix: International legal cooperation

Regulation	Secrecy Score Assessment [Secrecy Score: 100 points = full secrecy; 0 points = full transparency]
Component 1: Administrative assistance in tax matters beyond income tax information exchange (40 points)	
(1) Opt-out of assistance in the collection of foreign income tax claims (country uses reservation in Article 30(1)(b) of the MAAC)	20
(2) Opt-out of exchange of information of any non-compulsory taxes (county uses reservation in Article 30(1)(a) of the MAAC)	20
Component 2: International instruments for the legal assistance in criminal matters such as corruption, money-laundering and cyber criminality (30 points)	
(1) UN Convention against Corruption (UNCAC) (2003)	7.5
(2) UN International Convention for the Suppression of the Financing of Terrorism (1999)	7.5
(3) UN Convention against Transnational Organised Crime (2000)	7.5
(4) UN Convention against Cybercrime (not yet signed) and/or the Council of Europe Convention on Cybercrime (2001)	7.5
Component 3: Practical implementation of the legal cooperation in non-tax matters (30 points)	
(1) Will mutual legal assistance be given for investigations, prosecutions, and proceedings (old FATF-recommendation 36/ New FATF 2013/2017 methodology, recommendation 37)?	6
(2) International co-operation delivers appropriate information,financial intelligence, and evidence, and facilitates action against criminals and their assets (New FATF 2013/2017 methodology, Immediate Outcome 2 of the effectiveness assessments)? **OR** Is mutual legal assistance given without the requirement of dual criminality (old FATF methodology, recommendation 37)?	6
(3) Is mutual legal assistance given concerning identification, freezing, seizure and confiscation of property (FATF recommendation 38)?	6
(4) Is money laundering considered to be an extraditable offense (FATF recommendation 39)?	6
(5) Is the widest possible range of international co-operation granted to foreign counterparts beyond formal legal assistance on anti-money laundering and predicate crimes (FATF recommendation 40)?	6

3.20.2 Why is this important?

In today's globalised world with highly mobile taxpayers and wealth, tax evasion and crimes like money laundering, organised crime, bribery and terrorism are essentially international problems that can only be addressed through international cooperation and coordination of national policies. A failure to participate in international cooperation and to provide strong rules and

regulations makes jurisdictions, purposively or not, an attractive destination for criminal money.

It is thus important to verify the extent to which a jurisdiction is committed to the most important principles of administrative cooperation in tax matters and the norms of international legal cooperation for financial transparency and anti-corruption.

The first component focuses on the MAAC. This multilateral convention is a cornerstone of international tax cooperation, but some of its rules on administrative cooperation are optional. Some countries selectively make use of the opt-out possibilities to reduce their commitment to financial transparency and international cooperation. A country that uses reservations to refrain from exchanging information on taxes besides income tax and which refuses to assist other countries in the collection of foreign tax debts significantly increases its exposure to financial secrecy, as compared to a country that does not use the opt-outs and complies to fullest extent with the rules of cooperation under the MAAC.

The four conventions that make up the second component on international cooperation in criminal matters, such as corruption, money-laundering and cyber criminality, all contribute in varying degrees to solving the problems they are intended to address. Participation in these conventions is crucial for countries, as they give national authorities, such as tax administrations, public prosecuting offices, financial crime investigative police, and counterterror agencies, the tools to successfully request cooperation from a foreign counterpart in their fight against transnational crime.

The third component of the indicator measures effective implementation by countries of standards on international judicial cooperation on money laundering and other criminal matters. Implementation of these standards is crucial for judicial cooperation across borders to be as seamless as the criminal money flowing between companies or bank accounts across countries. Without such implementation, law enforcement agencies struggle to uphold the law.

From the stages of investigation and prosecution to extradition of perpetrators and the confiscation and repatriation of criminal assets, law enforcement processes are complex and require cross-border cooperation at every stage. Without established means of cooperation, prosecutors and judges can only rely on traditional means of cross-border judicial assistance, which have not kept pace with the realities of global crime. The traditional way of asking foreign judicial assistance through letters of rogatory, for example, is a time-consuming, costly and uncertain process:

In terms of efficiency, exchange of information through letters of rogatory may take months or years since some requests may have to be processed through diplomatic channels.[383]

Compliance with old FATF recommendations 36 through 40 and with new FATF recommendations 37 through 40 and IO2 can be seen as indicators of a country's willingness to lower the barriers for cross-border judicial cooperation to effectively combat international financial crime.

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 3.45. Assessment Logic: International legal cooperation

ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
33	Has the jurisdiction ratified the UN Convention Against Corruption or otherwise become legally bound by it?	0: Yes; 1: No.	Y: 0 points; N: 7.5 points
35	Has the jurisdiction ratified the UN International Convention for the Suppression of the Financing of Terrorism or otherwise become legally bound by it?	0: Yes; 1: No.	Y: 0 points; N: 7.5 points
36	Has the jurisdiction ratified the UN Convention Against Transnational Organized Crime or otherwise become legally bound by it?	0: Yes; 1: No.	Y: 0 points; N: 7.5 points
310	Will mutual legal assistance be given for investigations, prosecutions, and proceedings (old FATF-recommendation 36 / new FATF-rec 37)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0: 0 points; 1: 2 points; 2: 4 points; 3: 6 points
311	Is mutual legal assistance given without the requirement of dual criminality (only old FATF recommendation 37)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	if old FATF: 0: 0 points; 1: 2 points; 2: 4 points; 3: 6 points
312	Is mutual legal assistance given concerning identification, freezing, seizure and confiscation of property (FATF recommendation 38)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0: 0 points; 1: 2 points; 2: 4 points; 3: 6 points

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[383] OECD, *Behind the Corporate Veil: Using Corporate Entities for Illicit Purposes*, p.66.

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
313	Are countries effectively and constructively executing extradition requests in relation to money laundering and terrorist financing, without undue delay (FATF recommendation 39)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0: 0 points; 1: 2 points; 2: 4 points; 3: 6 points
314	Is the widest range of international cooperation rapidly, constructively and effectively provided by competent authorities to their foreign counterparts in relation to anti-money laundering and terrorist financing (FATF recommendation 40)?	0: Fully; 1: Largely; 2: Partially; 3: Not at all.	0: 0 points; 1: 2 points; 2: 4 points; 3: 6 points
469	International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets (Immediate Outcome 2 of the effectiveness assessments under FATF 2013/2017 methodology)?	0: Yes, high level of effectiveness; 1: Significant level of effectiveness; 2: No, moderate level of effectiveness; 3: No, low level of effectiveness.	if new FATF: 0: 0 points; 1: 2 points; 2: 4 points; 3: 6 points
650	Considering that jurisdictions must exchange information on income and wealth tax (ie compulsory taxes), has the jurisdiction opted for reservation 30(1)(a) of the Mutual Assistance Convention and thus avoids giving administrative assistance (eg exchange of information) in relation to other non-compulsory taxes?	0: Yes; 1: No.	0: 20 points; 1: 0 points; 2: 0 points; 3: 20 points. In the cases ID 309 is Not applicable (See Secrecy Indicator 19), 0.

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ID	ID question	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation Secrecy Score
651	Has the jurisdiction opted for reservation 30(1)(b) of the Mutual Assistance Convention and thus avoids giving administrative assistance in the collection of either income and wealth tax (ie compulsory taxes) or other non compulsory taxes?	0: Yes, with regard to all types of tax (ie it does not assist in the collection of any tax); 1: Yes, but only with regard to non-compulsory taxes and wealth tax (it thus assists only in the collection of income tax); 2: Yes, but only with regard to non-compulsory taxes (it thus assists only in the collection of income and wealth tax); 3: No, it did not use the reservations (ie it assists in the collection of any type of tax).	0: 20 points; 1: 0 points; 2: 0 points; 3: 0 points; 4: 20 points. In the cases ID 309 is Not applicable (See Secrecy Indicator 19), 0.
800	Has the jurisdiction ratified the Budapest convention and/or the UN convention against cybercrime or otherwise become legally bound by any of these?	0: Yes, the jurisdiction has ratified both the Budapest convention and the UN convention against cybercrime; 1: Yes, the jurisdiction has ratified the Budapest convention; 2: Yes, the jurisdiction has ratified the UN convention against cybercrime; 3: No, the jurisdiction has not ratified any of the conventions.	0: 0 points; 1: 0 points; 2: 0 points; 3: 7.5 points

4. Global scale weights

The second component of the Financial Secrecy Index is the global scale weight (GSW) attributed to each jurisdiction. It is based on an assessment of the size of each jurisdiction's share of the global market for financial services provided to non-resident clients, which we use as a measure of risk. The more cross-border financial services a jurisdiction provides, the greater the potential threat if the jurisdiction is not fully transparent. We explain how the scale assessment is made, before considering potential criticisms of the approach.

The global scale weights are based on publicly available data about the trade in international financial services of each jurisdiction. Where necessary because of missing data, we extrapolate from other data–stock measures of assets and portfolio investment and GDP–in order to generate flow estimates of exports of financial services. This allows us to create a comprehensive ranking of jurisdictions' share in the total global cross-border trade in financial services. When this is subsequently combined with the secrecy scores, it creates a ranking of each jurisdiction's contribution to the ultimate global problem of financial secrecy: this ranking is the Financial Secrecy Index. We describe how the global scale weights are combined with secrecy scores to form the Financial Secrecy Index in Section 5.

To construct the global scale weights, we begin with the best data available on an internationally comparable basis. The preferred source is the IMF's Balance of Payments Statistics (BOP), which provides, for each jurisdiction, data on exports of financial services. For jurisdictions for which this data is not available, we extrapolate an estimate of the value of exports of financial services. In doing so, we proceed in steps which are summarised in Table 4.1. In steps 4-6 of the approach, we use measures that are highly correlated with exports of financial services. We discuss the choice of these variables below.

After using reported data on exports of financial services for the latest available year in step 1 (in version 8.1 of the Financial Secrecy Index, this is the year 2024), we proceed to step 2 in which we use reported data on exports of financial services in the IMF BOP for the previous year (in version 8.1 of the Financial Secrecy Index, this is the year 2023). In previous editions of the Financial Secrecy Index (before version 8.0), as part of this step, we calculated the average change between previous and current year in all countries for which both years had been reported and applied that average change to the data from countries which had

not yet reported for the current year. Since version 8.0, we have directly used the previous year's data, as we prefer to use actual reported data, albeit a year older, rather than to assume that the development of exports of financial services in these countries was equal to the global average.

In step 3, for countries where data on exports of financial services is not available for either the latest year of the dataset or the previous one, we extrapolate that value using data on inward assets, which we source from the International Investment Position (IIP) statistics. This data is filtered[1] to exclude foreign direct investment, reserve assets, and all assets belonging to general government and monetary authorities. We then run an ordinary least squares regression to obtain an extrapolation coefficient and multiply the value of inward assets by this extrapolation coefficient to arrive at an estimate of exports of financial services from each country.

In steps 4-6, we use data on reported inward portfolio assets and derived outward portfolio liabilities from the IMF's Portfolio Investment Positions by Counterpart Economy (PIP, formerly CPIS). Using data on inward assets, we extrapolate the value of exports of financial services again using an ordinary least squares regression. In step 5, we repeat the process using data on derived liabilities. In step 6, where none of the previous steps have yielded an estimate of exports of financial services due to missing data, we use GDP sourced from the World Bank and national sources where necessary. All 6 steps are summarised in Table 4.1.

The reasons why we use these data sources in this order are twofold. First, they are all highly correlated with data on exports of financial services (at least for countries which report into both datasets). The value of inward portfolio assets (ie portfolio assets held in a jurisdiction by non-residents) is likely to be a good proxy variable for the value of financial services that are charged to the owners of these assets, and the high correlation coefficients between these variables and exports of financial services confirm this. In step 5, we use data on jurisdictions' portfolio liabilities, ie assets of non-residents held in a given jurisdiction, which is derived from numbers for outward assets that are reported by other countries. While disparities between derived outward liabilities data and reported inward assets data are well-known[3] and the Tax Justice Network has made some critical comments on this approach,[4] we use this data in the fifth step despite these limitations due to its wide coverage which includes most remaining jurisdictions that are assessed in the Financial Secrecy Index. For the first time in version 8.1,

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[1] Following the methodology in: Ahmed Zoromé. *Concept of Offshore Financial Centers: In Search of an Operational Definition*. Tech. rep. Washington DC, USA: International Monetary Fund, 2007. URL: http://www.imf.org/external/pubs/ft/wp/2007/wp0787.pdf [Visited on 08/05/2022].

[3] For example, see Gabriel Zucman. 'The Missing Wealth of Nations: Are Europe and the US Net Debtors or Net Creditors?' *The Quarterly Journal of Economics*, 128(3) 2013, pp. 1321–1364. URL: http://qje.oxfordjournals.org/content/128/3/1321.short [Visited on 08/05/2022]

[4] James S. Henry. *The Price of Offshore Revisited: New Estimates for "Missing" Global Private Wealth, Income, Inequality, and Lost Taxes*. Tech. rep. Tax Justice Network, 2012. URL: http://www.taxjustice.net/cms/upload/pdf/Price_of_Offshore_Revisited_26072012.pdf [Visited on 07/05/2022].

Table 4.1. Summary of the 5-step derivation of the exports of financial services

Data source	No. of jurisdictions assessed in Financial Secrecy Index	All	No. of observatio	R-squared	Extrapolation coefficient
(1) Reported exports of financial services data, 2024 (IMF BOP)	109	150			
(2) Reported exports of financial services data, 2023 (IMF BOP)	6	15			
(3) Extrapolated from asset data, 2024 (IMF IIP, filtered following[2])	4	9	720	0.8076	0.000795
(4) Extrapolated from asset data, 2024 (IMF PIP)	4	5	373	0.8003	0.0101083
(5) Extrapolated from derived liability data, 2024 (IMF PIP)	17	51	774	0.7942	0.0080476
(6) Extrapolated from GDP data, 2024 (World Bank, national sources)	1	2	770	0.4889	0.0049543
TOTAL	**141**				

we were forced to add step 6, in which we use the same extrapolation approach with data on GDP, because none of the previous steps had reported data for some jurisdictions.

Finally, we then calculate, for each jurisdiction, the share of their exports of financial services on the global total. This creates a global scale weight reflecting the relative importance of each jurisdiction. The global scale weight for jurisdiction i, GSW_i, is thus defined as:

$$\text{GSW}_i = \frac{\text{ExpFinSer}_i}{\sum_i \text{ExpFinSer}_i},$$

where ExpFinSer_i are the exports of financial services from country i, either true (ie reported in the IMF's BOP) or extrapolated from other sources, as described above.

It is important to note that this weighting alone does not imply harbouring or supporting inappropriate behaviour by the jurisdictions in question. Arguably, those near the top should be congratulated on their success in the field of international trade in financial services (although in light of recent examples such as Iceland, Ireland and Cyprus, they may of course also want to consider the extent of their reliance on this risky sector). Rather, the global scale weight is an indicator of a jurisdiction's potential contribution to the global problem of financial secrecy, if secrecy is chosen as one of the policy areas discussed within

this document. The higher the global scale weight of a given jurisdiction, the greater the risk it poses to others if secrecy is chosen, and therefore the greater its responsibility to be transparent.

One important caveat when comparing the global scale weights over time is that as some countries become more transparent and more data becomes available, the data source used to calculate the global scale weight might change, which can lead to artificial developments of this measure over time. For example, in the 2022 edition, the Cayman Islands had, for the first time, available data on exports of financial services, indicating the true scale of the financial services it provides to non-residents – revealing it to be significantly lower than previously estimated. In the absence of self-reported data from the Cayman authorities in the IMF BOP database, previous indexes utilised data from the IMF Portfolio Investment Positions by Counterpart Economy (formerly CPIS, from Step 4). However, Cayman's highly disproportionate hosting of cross-border portfolio investments made it uniquely placed to see significant discrepancies in estimated financial activity arising from the two databases, and its Global Scale Weight consequently dropped significantly between the 2020 index and Financial Secrecy Index 2022.

It is then only in the subsequent step described in Section 5, where these global scale weights are combined with the secrecy scores, that we create the Financial Secrecy Index value which reflects the potential global harm done by each jurisdiction.

We believe that this methodology represents the most robust possible use of the available data as a means to evaluate the relative contribution of different jurisdictions to the global total of financial services provided to non-residents. Nonetheless, the fact that researchers must follow such a convoluted path to reach this point is further evidence of policymakers' failure to ensure that global financial institutions and national regulators have access to the necessary data to track and understand international finance.

One reasonable criticism of this approach to global scale weights is that a large part, perhaps even the majority, of illicit financial flows may occur through trade in goods rather than through financial flows.[5] Illicit flows, including corporate tax evasion, laundering of criminal proceeds and cross-border flows related to bribery and the theft of public assets, represent a primary reason for concern about financial secrecy. A broad literature[6] highlights the potential for illicit flows to

[5]For Sub-Saharan Africa, trade mispricing does not account for the majority of illicit financial outflows, and is more pronounced in countries with important natural resource extraction sectors, as documented in Léonce Ndikumana and James K. Boyce. 'Capital Flight from Sub-Saharan Africa: Linkages with External Borrowing and Policy Options'. *International Review of Applied Economics*, 25(2) 2011, pp. 149–170, pp.50-51.

[6]See, for example Maria E. De Boyrie et al. 'Estimating the Magnitude of Capital Flight Due to Abnormal Pricing in International Trade: The Russia–USA Case'. *Accounting Forum*, 29(3) 2005, pp. 249–270. URL: http : / / www . sciencedirect . com / science / article / pii / S0155998205000268 [Visited on 02/05/2022]; Raymond Baker. *Capitalism's Achilles Heel. Dirty Money and How to Renew the Free-Market System*. Hoboken: Wiley, 2005; Ndikumana and Boyce, 'Capital Flight from Sub-Saharan Africa'; Dev Kar and Sarah Freitas. *Illicit Financial Flows from Developing Countries Over the Decade Ending 2009*. Tech. rep. Washington DC: Global Financial Integrity, 2011. URL: https : / / gfintegrity . org / report / illicit - financial - flows - from - the - developing - world - over - the - decade - ending - 2009 / # : ~ :

occur through trade. However, trade mispricing is not thought to occur simply to shift profits or income to random jurisdictions: rather it is likely to be specifically for the purpose of ensuring the resulting assets are held in secrecy jurisdictions (providing, of course, a resulting flow of financial services exports for the Swiss or other economies). As such, the approach taken here is likely to identify important jurisdictions also with respect to trade mispricing, at least as destination countries of illicit financial flows. Nonetheless, future work could consider a reweighting with trade flows.

Another relevant criticism of this approach relates to a lack of clarity around what kinds of services are included or left out in the computation of the exports of financial services in the Balance of Payments Statistics. While fees and costs associated with holding assets and related custodian services ought to be captured, it is not clear, for instance, if fees for the provision of supporting legal services are included as well. More importantly, while costs directly associated with assets may be covered, the fees associated with hosting and managing the legal structures which in turn hold those assets, such as trusts, shell companies and foundations, are likely not to be captured by financial services. This may result in underestimating the scale of activity in some secrecy jurisdictions, such as the British Virgin Islands or Liechtenstein, in which the management of shell companies and foundations is arguably the most important business segment. Until better data becomes available, however, it is not obvious how the current approach could be substantially strengthened.

A related question, given the extent of their activity in both the provision of services associated with financial secrecy and in lobbying jurisdictions to provide secrecy, is the role played by major professional firms in law, banking and accounting.[7] This is a potentially fruitful research area, in which early work suggests there may be consistent patterns of activity.[8]

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text=This%20December%202011%20report%20from,US%24903%20billion%20in%202009. [Visited on 03/05/2022].

[7] Alex Cobham. *Panama Papers: Who Were the Big Players?* Apr. 2017. URL: https://www.taxjustice.net/2017/04/03/panama-papers-big-players/ [Visited on 15/05/2022].

[8] Moran Harari et al. *Key Data Report: Financial Secrecy, Banks and the Big 4 Firms of Accountants*. Tech. rep. Tax Justice Network, 2012. URL: https://www.taxjustice.net/cms/upload/pdf/FSI2012_BanksBig4.pdf [Visited on 15/05/2022].

5. Combining secrecy scores and global scale weights

The final step in the creation of the Financial Secrecy Index is to combine the global scale weights with the secrecy scores, to generate a single number by which jurisdictions can be ranked, reflecting the potential global harm done by each jurisdiction. As with the choice of secrecy indicators and their relative weighting in the secrecy score, and with the focus on financial services exports to determine the relative global scale weight, the choice of method to combine secrecy and scale is necessarily subjective. In each case, however, the approach taken is transparent and reflects the expertise of a wide group of stakeholders over many years.

In the choice of how to combine secrecy scores with global scale weights, we are led by the core objective of the Financial Secrecy Index: to measure a jurisdiction's contribution to global financial secrecy in a way that highlights harmful secrecy regulations. By doing so, the index contributes to and encourages research by collecting data and providing an analytical framework to show how jurisdictions facilitate illicit financial flows. Second, it focuses policy debates among media and public interest groups by encouraging and monitoring policy change globally towards greater financial transparency.

The formula that defines the FSI value for each jurisdiction i looks as follows:

$$\text{FSI}_i = \text{Secrecy Score}_i^3 * \text{Global Scale Weight}_i^{1/3}$$

Therefore, in line with the core objective of the index, relative to a simple multiplicative combination of the two entities, by cubing the secrecy score and taking a cube root of the global scale weight, we highlight the importance of harmful secrecy regulations in contributing to global financial secrecy. A number of other alternatives for the combining formula have been explored. The most straightforward way to combine the two entities would be a simple multiplication formula, whereby each jurisdiction's secrecy score would be multiplied by the jurisdiction's global scale weight, without any prior scaling. We recognise three main problems.

First, both the theoretical and empirical ranges of both variables are fundamentally different. While secrecy scores range theoretically from 0 to 100, global scale weights range theoretically from 0 to 1.

Second, the distribution of global scale weights is heavily skewed to the left, leaving little space for secrecy scores to play a significant role for the vast majority of jurisdictions if we were to use simple multiplication. As a result, the correlation between the global scale weights and the FSI value would be very high, and thus would tell a story driven almost entirely by the global scale weight.

Third, while the global scale weights are constrained to sum up to 1, the secrecy scores are not constrained from above nor below.[1]

After careful consideration of several alternatives to combine secrecy score and global scale weight, we prefer the cube/cubic-root formula because of its specific characteristics that were highlighted by the Joint Research Centre of the European Commission in their statistical audit of Financial Secrecy Index 2018:[2]

> The gradient of the surface varies quite substantially over the space of countries - for example, the gradient is quite high in corner of high SS and low GSW, meaning that in this area, a small increase in GSW results in a very sharp increase in the FSI. The implication is that countries that have a similar SS can have markedly different FSIs as a result in relatively small differences in GSW. On the other hand, countries with low SS and low GSW will only experience a small increase in FSI if the GSW were to be increased. Overall, for countries with small GSW, their FSI is driven much more by their GSWs than by their SSs. The opposite is true for countries with large GSW: here countries are differentiated mainly on their secrecy scores. (p.178)

This particular feature of the cube/cube-root formula matches very well the revised core objective of the index to measure a jurisdiction's contribution to global financial secrecy while highlighting harmful secrecy regulations. If a jurisdiction's secrecy score is on the high end of the spectrum, we do expect even a small global scale weight increase to imply a disproportional increase of global financial secrecy (and accompanying responsibility). If, on the other hand, a jurisdiction's secrecy score is relatively low, a small change in the jurisdiction's global scale weight should not add much to the global financial secrecy overall.

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[1] Obviously, the secrecy scores could, in theory, sum up to the minimum of 0 and a maximum of X*100 where X is the number of assessed jurisdictions, however, such secrecy scores would mean that each and every considered jurisdiction is as secretive as possible, or as transparent as possible. It is reasonable to assume that such a case is not even theoretically possible, because if such scores were to result from a pre-defined methodology, the methodology to construct the individual components of the secrecy scores would have been changed in the first place.

[2] William Becker and Michaela Saisana. *The JRC Statistical Audit of the Financial Secrecy Index 2018*. Tech. rep. Joint Research Centre, European Commission, June 2018. URL: https://knowledge4policy.ec.europa.eu/sites/default/files/jrc_statistical_audit_of_the_financial_secrecy_index_2018.pdf [Visited on 02/05/2022].

Another reason to favour a somewhat disproportionate impact of the global scale weight at the high end of the secrecy spectrum is the "race to the bottom" effect that those jurisdictions on the high end of the secrecy spectrum have on other countries; the responsibility of such countries is higher than what we measure strictly speaking in our two components, because these jurisdictions act as accelerators in a global "race to the bottom" towards regulatory laxity and secrecy (in a context of perceived competition among jurisdictions).

Once decided on the cubed/cubed-root formula to combine the secrecy scores with the global scale weights, we proceed with one additional step to arrive at the final number that best matches the objective of the Financial Secrecy Index – taking the share of each jurisdiction's FSI on the total sum of FSI scores for all jurisdictions. Assuming that the sum of FSI scores for all jurisdictions in the FSI can be considered as the total amount of financial secrecy supplied in the world, the constructed shares will represent each jurisdiction's contribution, in percentage terms, to global financial secrecy. This contribution to global financial secrecy, CGFS, of jurisdiction i is thus defined as follows:

$$\text{CGFS}_i = \frac{\text{FSI}_i}{\sum_i^X \text{FSI}_i} * 100\%$$

We present the key results of the FSI in four parts: Secrecy Scores, Global Scale Weights, Financial Secrecy Index value, and the contribution to financial secrecy.

A special methodological consideration concerns the aggregation of jurisdictions which are controlled by and dependent upon another jurisdiction. Most importantly, this question arises with respect to the large network of satellite jurisdictions associated with the United Kingdom. In the United Kingdom's overseas territories and crown dependencies the King is head of state; powers to appoint key government officials rest with the British Crown; laws must be approved in London; and the UK government holds various other powers.[3] Arguably, political responsibility for the secrecy scores of the overseas territories and crown dependencies rests with the United Kingdom.

Therefore, we seek to compute an FSI value for the entire group of overseas territories and crown dependencies. To do so, we first need to calculate the group's joint secrecy score and joint global scale weight. Calculating the joint global scale weight is straightforward - we just sum up each jurisdiction's individual global scale weight.

To combine the secrecy scores, however, we see at least four relevant options. First, and most consistent with the overall Financial Secrecy Index approach of applying the weakest-link principle, is to search across all relevant dependencies for the highest secrecy score in each of the secrecy indicators separately. This secrecy score is then allocated to the whole group, and the set of highest secrecy

[3] Tax Justice Network. *Narrative Report on the United Kingdom*. Tech. rep. Tax Justice Network, 2020. URL: https://fsi.taxjustice.net/PDF/UnitedKingdom.pdf [Visited on 01/07/2020].

scores is averaged to arrive at the group secrecy score. Second, we could use the highest secrecy score of any of these jurisdictions. Third, we could take a simple arithmetic average of the group's members' secrecy scores. Fourth, we could use average secrecy scores weighted by each jurisdiction's global scale weight, which emphasises the relative transparency of the United Kingdom over its secrecy network.

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Annex A: Comparison of country by country reporting information requirements

		GRI 207 (2019) pCbCR	OECD BEPS 13 CbCR	Australia Act 134 of 2024	EU Directive 2021/202	EU Directive 2013/36	EU Directive 2013/34	US Dodd Frank Act Sec: 1504
Scope:		All sectors	All sectors	All sectors	All sectors	Financial sector	Extractives sector	Extractives sector
Public reporting:		✓	x	✓	✓	✓	✓	✓
Multinational enterprise size threshold:		x	<€750m	<AUD1b	<€750m	x	x	x
Information disaggregation:		Full	Full	Partial	Partial	Full	Full	Full
Information requirements:								
Basic info	Name of entities	✓	✓	✓	x	✓	x	x
	Description of activities	✓	✓	✓	✓	✓	x	x
	Tax jurisdiction / receiving government	✓	✓	✓	✓	✓	✓	✓
	Project name	x	x	x	x	x	✓	✓
Financial data	Revenue	✓	✓	✓	✓	✓	x	x
	Revenues from third party sales	✓	✓	✓	x	x	x	x
	Revenues from intra-group sales	✓	✓	✓	x	x	x	x
	Profit or loss before tax	✓	✓	✓	✓	✓	x	x
	Tangible assets other than cash	✓	✓	✓	x	x	x	x
	Stated capital	x	✓	x	x	x	x	x
	Accumulated earnings	x	✓	x	✓	x	x	x
	Number of employees	✓	✓	✓	✓	✓	x	x
Tax data	Income taxes paid	✓	✓	✓	✓	✓	✓	✓
	Income tax charge	✓	✓	✓	✓	x	x	✓

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		GRI 207 (2019) pCbCR	OECD BEPS 13 CbCR	Australia Act 134 of 2024	EU Directive 2021/202	EU Directive 2013/36	EU Directive 2013/34	US Dodd Frank Act Sec: 1504
	Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.	✓	x	✓	x	x	x	x
Management approach disclosures	Approach to tax (overall, not country by country)	✓	x	✓	x	x	x	x
	Tax governance, control and risk management (overall, not country by country)	✓	x	x	x	x	x	x
	Stakeholder engagement and management of tax concerns (overall, not country by country)	✓	x	x	x	x	x	x
Sector-specific disclosures	Public subsidies received	x	x	x	x	✓	✓	✓
	Dividends paid to government	x	x	x	x	x	✓	✓
	Royalties paid to government	x	x	x	x	x	✓	✓
	License fees, rental fees, entry fees paid to government	x	x	x	x	x	✓	✓
	Signature, discovery and production bonuses paid to government	x	x	x	x	x	✓	✓
	Production entitlements paid to government	x	x	x	x	x	✓	✓
	Payments for infrastructure improvements paid to government	x	x	x	x	x	✓	✓