

KEY FINANCIAL SECRECY INDICATORS

Key Financial Secrecy Indicator 5: Limited Partnership Transparency

What is measured?

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

1. Regarding **beneficial ownership** and/or **legal ownership**: it assesses whether a jurisdiction requires all types of limited partnerships to publish ownership online for free and in open data format 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 open data or at a maximum cost of US\$ 10, € 10 or £ 10.¹

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 1, with full details of the assessment logic given in Table 5 below.

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 offer this type of partnership obtain a zero secrecy score in this indicator.

Component I: Ownership (50%)

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.²

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 Action Task Force (FATF) and the European Union ([see KFSI 3](#)).³

Table 1: Secrecy Scoring Matrix KFSI 5

Regulation [Secrecy Score: 100% = full secrecy; 0% = full transparency]	<u>Online for free & in open data</u>	<u>Online for free, no open data</u>	<u>Online at small cost</u> [i.e. up to 10 €UR/US\$/GBP]
COMPONENT 1: OWNERSHIP / PARTNERS' IDENTITIES (50%)			
<p><u>Incomplete Ownership or high cost</u> 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 10€/US\$/GBP, or unknown.</p>	50%		
<p><u>Complete Legal Ownership</u> All types of limited partnerships are publishing online updated and complete legal ownership information about all partners (including legal entities which are partners), but no, incomplete or not updated beneficial ownership information).</p>	35%	40%	45%
<p><u>Complete Beneficial Ownership</u> All types of limited partnerships are publishing online updated and complete beneficial ownership information about all partners (including legal entities which are partners), but no, incomplete or not updated legal ownership information.</p>	20%	25%	30%
<p><u>Complete Beneficial and Legal Ownership</u> All types of limited partnerships are publishing online updated and complete legal and beneficial ownership information about all partners (and legal entities which are partners), or limited partnerships are not available in the jurisdiction.</p>	0%	5%	10%
COMPONENT 2: ACCOUNTS (50%)			
<p><u>Accounts not always available online at small cost</u> Limited partnerships do not always publish their annual accounts online for a cost of up to 10€/US\$/GBP, or unknown.</p>	50%		
<p><u>Accounts always available online</u> All types of limited partnerships file their annual accounts and publish them online, or limited partnerships are not available.</p>	0%	12.5%	25%

All underlying data can be accessed freely in the [FSI database](#)  (IDs 269, 272, 273, 274, 476, 477, 479, 480, 481, 482, 483 and 484).

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

- a) 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 the European Union⁴; and for each beneficial owner:
- b) country of residence, and
- c) full address, or passport ID-number, or year and month of birth, or a Taxpayer Identification Number (TIN).

In case of **legal owners**, the minimum details required to be published online include:

- a) The full names of nominees and/or trustees and/or legal entities acting as legal owners or partners, and for each:
- b) country of residence or incorporation, plus
 - i. in case of individuals, full address, or passport ID-number, or year and month of birth, or a Taxpayer Identification Number (TIN); or
 - ii. in case of legal entities, company registration number plus address of principle place of business or registered address.

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 open data format.

Even if the cost per record is low, it can be prohibitively expensive to import this information into an open data environment which limits the uses of the data. 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.⁵ Furthermore, complex payment or user-registration arrangements for accessing the data (e.g. registration of bank account, requirement of a local identification number or sending of hard-copy mails) should not be required.⁶

From an open data perspective, a zero secrecy score is subject to the type of license for the use of the data, and if the data is fully downloadable from the internet. In cases where data was found to be freely available, we have consulted the corresponding jurisdiction at the open company data index published online by open corporates.⁷ We have treated data as truly open only when there is an open license or no license is required for the reuse of the data, and where the data is freely available for download.⁸

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 KFSI 5 draws information mainly from seven types of sources: first, the Global Forum peer reviews⁹ 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” (ibid.) and is used interchangeably here with “government agency” or “public institution”.

Second, 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 in and outside the EU¹⁰ have started to regulate beneficial ownership registration in 2017 and these new laws have not yet been assessed by either the Global Forum or the FATF, the FSI 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 third source was private sector websites (Lowtax.net, Ocra.com, Offshoresimple.com, etc.); the fourth, FATF peer reviews¹¹; and the fifth, the results of the TJN-Survey 2017 (or an earlier Survey).

Sixth, where the above sources indicated that beneficial or legal 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. In that case, finally, the open company data index published by open corporates has been consulted as well.¹²

Component II: Accounts (50%)

The second component of KFSI 5 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 open data format, it obtains a zero secrecy score. In case the information is available for free but not in open data format (i.e. there is an open license or no license for the reuse of the data, and the data is freely available for download), the jurisdiction obtains a 10% secrecy score. If the information is available online at a maximum cost of US\$ 10, € 10 or £ 10, a 25% secrecy score is given. Finally, in case a jurisdiction does not require all limited partnerships to submit and publish their accounts online, a 50% 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 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, including underlying documentation.

We have drawn this information from five principal sources. First, the Global Forum peer reviews¹³ 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 in the jurisdiction (because if the accounts are kept outside the

jurisdiction, it is much more difficult – and sometimes even impossible- to enforce this legal obligation). Second, private sector internet sources have been consulted (Lowtax.net, Odra.com, Offshoresimple.com, etc.). Third, results of the TJN-Survey 2017 (or earlier) 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). In that case, finally, the open company data index published by open corporates has been consulted as well.¹⁴

Following the weakest link principle¹⁵ for our FSI 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.

All underlying data can be accessed freely in the [FSI database](#) . To see the sources we are using for particular jurisdictions please consult the assessment logic in Table 5 at the end of this document and search for the corresponding info IDs (**IDs 269, 272, 273, 274, 476, 477, 479, 480, 481, 482, 483 and 484**) in the database report of the respective jurisdiction.

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](#)¹⁶ 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 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.

A recent example is the [Azerbaijani Laundromat](#).¹⁷ The four firms at its centre were limited partnerships registered in the UK. They were: [Metastar Invest](#), based at a service address in Birmingham; [Hilux Services](#) and [Polux Management](#), set up in Glasgow; and [LCM Alliance](#), from Potters Bar, Hertfordshire. Their corporate “partners” are anonymous secrecy jurisdiction entities based in the British Virgin Islands, Seychelles and Belize. Furthermore, anonymous Scottish Limited Partnerships (SLPs) played a key role in a billion-dollar fraud in Moldova, [uncovered by The Herald in 2015](#).¹⁸

SLPs with foreign members that do not carry out any commercial operations in the UK and receive no revenue in the UK are exempted from taxes on profits. Taxes shall be paid by the partners in their respective countries of residence or of incorporation only if provided by the relevant laws. In the case of Moldova's billion-dollar fraud, SLPs were misused by their

partners for money laundering, corruption and embezzlement abroad while transferring out of the country [almost 15% of Moldova's GDP](#) from three Moldavian banks.

Denmark offers similar types of limited liability partnerships.¹⁹

Where online disclosure of beneficial ownership information does not exist, the availability of detailed legal ownership information may enable a foreign authority to follow up some initial suspicions on wrong-doing and may enable it to successfully file a request for information exchange with its foreign counterpart. The legal owner can be addressed by an information request and will sometimes be required to hold beneficial ownership information which it then must provide to an enquiring authority. At the same time, delays are created through the absence of beneficial ownership information, and failure to prevent tipping-off may frustrate law enforcement efforts.

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](#)²⁰ 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 somebody prefers to keep her financial dealings and identity confidential, she can dispense with opting for a 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.

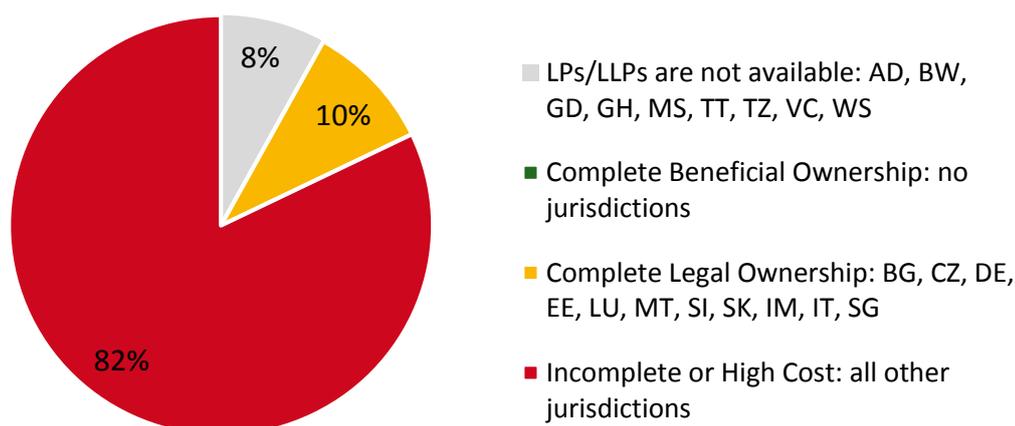
Third, no limited partnership can be considered accountable to the communities where it is licensed to operate and where its partners enjoy the privilege of limited liability unless it places its accounts on public record.

Results Overview

Table 2: Ownership – Partners’ Identities Overview

	Number of Jurisdictions
<p><u>Incomplete or High Cost</u> Updated and complete ownership information about all partners (including legal entities which are partners) is not always available online for all Limited Partnerships for a cost up to 10 €/\$/£.</p>	92
<p><u>Complete Legal Ownership</u> Updated and complete legal ownership information about all partners (including legal entities which are partners) is consistently available online for up to 10 €/\$/£ (but no, incomplete, or not updated beneficial ownership information).</p>	11
<p><u>Complete Beneficial Ownership</u> Updated and complete beneficial ownership information about all partners (including legal entities which are partners) is consistently available online for up to 10 €/\$/£ (but no, incomplete, or not updated legal ownership information).</p>	0
<p><u>Complete Legal and Beneficial Ownership or No LPs/LLPs</u> Updated and complete, legal and beneficial ownership information about all partners is consistently available online or Limited Partnerships are not available in the jurisdiction.</p>	9

Graph 1: Ownership - Partners' Identities



Among the 11 jurisdictions publishing complete legal ownership information on limited partnerships, only **Bulgaria** makes the data available in **Open Data** format. Four other jurisdictions (**CZ, LU, MT, SI and SK**) provide the information for **free**, while the remaining four (**DE, EE, IT, SG**) make the data accessible at a **cost** inferior to 10 EUR/GBP/USD.

Table 3: Limited Partnerships' Accounts

	Number of Jurisdictions
<p><u>Accounts not always available online or high cost</u></p> <p>Limited Partnership's accounts are not always available online for up to 10 €/\$/£, or unknown.</p>	96
<p><u>Accounts always available online</u></p> <p>All types of limited partnerships file their annual accounts, which are available online for up to 10 €/\$/£.</p>	7
<p><u>LPs/ LLPs are not available</u></p> <p>Updated and complete, legal and beneficial ownership information about all partners is consistently available online or Limited Partnerships are not available in the jurisdiction.</p>	9

Graph 2: Limited Partnerships' Accounts

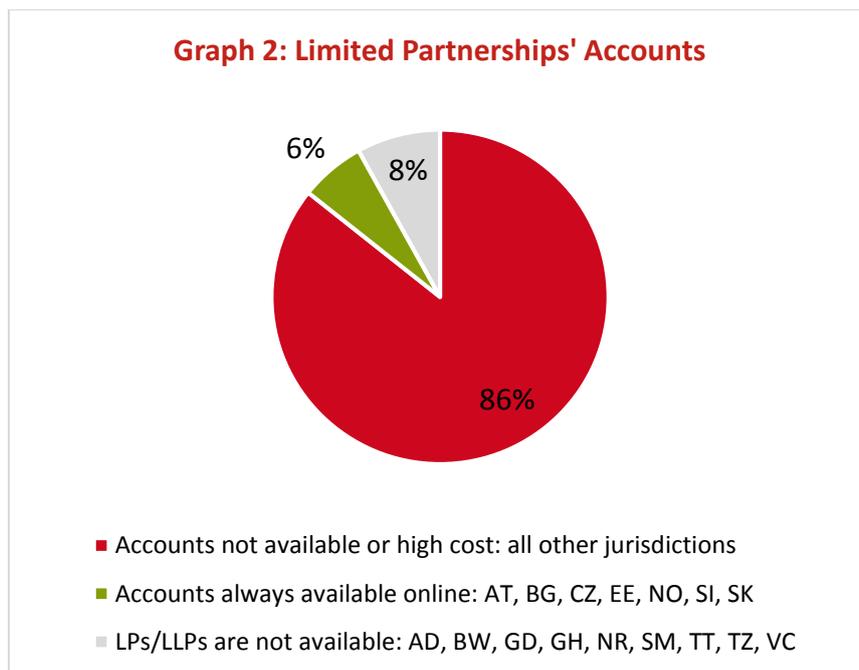


Table 4: Limited Partnership Transparency Secrecy Scores

Country Name	Score	ISO	Country Name	Score	ISO
Andorra	0	AD	Lebanon	1	LB
Anguilla	1	AI	Liberia	1	LR
Antigua & Barbuda	1	AG	Liechtenstein	1	LI
Aruba	1	AW	Lithuania	1	LT
Australia	1	AU	Luxembourg	0,9	LU
Austria	0,75	AT	Macao	1	MO
Bahamas	1	BS	Macedonia	1	MK
Bahrain	1	BH	Malaysia (Labuan)	1	MY
Barbados	1	BB	Maldives	1	MV
Belgium	1	BE	Malta	0,9	MT
Belize	1	BZ	Marshall Islands	1	MH
Bermuda	1	BM	Mauritius	1	MU
Bolivia	1	BO	Mexico	1	MX
Botswana	0	BW	Monaco	1	MC
Brazil	1	BR	Montenegro	1	ME
British Virgin Islands	1	VG	Montserrat	1	MS
Brunei	1	BN	Nauru	0	NR
Bulgaria	0,475	BG	Netherlands	1	NL
Canada	1	CA	New Zealand	1	NZ
Cayman Islands	1	KY	Norway	0,625	NO
Chile	1	CL	Panama	1	PA
China	1	CN	Paraguay	1	PY
Cook Islands	1	CK	Philippines	1	PH
Costa Rica	1	CR	Poland	1	PL
Croatia	1	HR	Portugal (Madeira)	1	PT
Curacao	1	CW	Puerto Rico	1	PR
Cyprus	1	CY	Romania	1	RO
Czech Republic	0,525	CZ	Russia	1	RU
Denmark	1	DK	Samoa	1	WS
Dominica	1	DM	San Marino	0	SM
Dominican Republic	1	DO	Saudi Arabia	1	SA
Estonia	0,7	EE	Seychelles	1	SC
Finland	1	FI	Singapore	0,95	SG
France	1	FR	Slovakia	0,525	SK
Gambia	1	GM	Slovenia	0,525	SI
Germany	0,95	DE	South Africa	1	ZA
Ghana	0	GH	Spain	1	ES
Gibraltar	1	GI	St Kitts and Nevis	1	KN
Greece	1	GR	St Lucia	1	LC
Grenada	0	GD	St Vincent & Grenadines	0	VC
Guatemala	1	GT	Sweden	1	SE
Guernsey	1	GG	Switzerland	1	CH
Hong Kong	1	HK	Taiwan	1	TW
Hungary	1	HU	Tanzania	0	TZ
Iceland	1	IS	Thailand	1	TH
India	1	IN	Trinidad & Tobago	0	TT
Indonesia	1	ID	Turkey	1	TR
Ireland	1	IE	Turks & Caicos Islands	1	TC
Isle of Man	0,95	IM	Ukraine	1	UA
Israel	1	IL	United Arab Emirates (Dubai)	1	AE
Italy	0,95	IT	United Kingdom	1	GB
Japan	1	JP	Uruguay	1	UY
Jersey	1	JE	US Virgin Islands	1	VI
Kenya	1	KE	USA	1	US
Korea	1	KR	Vanuatu	1	VU
Latvia	1	LV	Venezuela	1	VE

Moderately Secretive 0 – 0,40	Secrecy Score 0,41 – 0,50	Secrecy Score 0,51 – 0,60	Secrecy Score 0,61 – 0,70	Secrecy Score 0,71 – 0,80	Secrecy Score 0,81 – 0,90	Extremely Secretive 0,91 – 1
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Table 5: Assessment Logic

Info_ID	Text_Info_ID	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation % Secrecy
269	Available Types: Partnerships with Limited Liability?	YN	If answer is No: 0% secrecy score; otherwise see below
476	LO Record: Does the registration of domestic limited partnerships comprise information on the legal ownership of all partners?	0: No, for some partnerships no legal ownership information is recorded; 2: Yes, all partnerships require recording of all partners/legal owners of all partners.	Integrated assessment of BO and LO as per assessment matrix in KFSI 5, Table 1 (see FSI-methodology or KFSI 5 paper). If all beneficial owners and all legal owners are always registered and updated with all details and made available in open data format, 0% secrecy score. If not even legal owners are always registered, or incomplete, or not updated, or not made public against a cost of up to 10 EUR/GBP/USD, 50% secrecy score. Eight intermediate scores for partial compliance.
479	LO Update: Is the update of legal ownership information mandatory for all partners?	YN	
483	What information has to be registered for those legal owners who need to be named (above)?	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.	
477	BO Record: Does the registration of domestic limited partnerships comprise 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.	
480	BO Update: Is the update of beneficial ownership information mandatory for all partners?	YN	
484	What information has to be registered for those beneficial owners who need to be named (above)?	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.	

481	<p>LO: Are partners/legal owners available on a public online record (up to 10 €/US\$/GBP)?</p>	<p>0: No, information on partners/legal owners is not always available online (up to 10 EUR/GBP/USD); 1: COST: Yes, information on partners/legal owners is always available but only at a cost of up to 10 EUR/GBP/USD; 2: FREE: Yes, information on partners/legal owners is always available for free, but not in open data format; 3: OPEN: Yes, information on partners/legal owners is always available for free & in open data format.</p>	
482	<p>BO: Are partners' beneficial owners available on a public online record (up to 10 €/US\$/GBP)?</p>	<p>0: No, information on partners' beneficial owners is not always available online (up to 10 EUR/GBP/USD); 1: COST: Yes, beneficial ownership information about all partners is always online, but only at a cost of up to 10 EUR/GBP/USD; 2: FREE: Yes, beneficial ownership information about all partners is always available online for free, but not in open data format; 3: OPEN: Yes, beneficial ownership information about all partners is always available online for free & in open data format.</p>	
272	<p>Is there an obligation to keep accounting data?</p>	<p>YN</p>	<p>0: 50%; only if answers re accounting data and submission are not "no": (1: 25%; 2: 12.5%; 3: 0%).</p>
273	<p>Are annual accounts submitted to a public authority?</p>	<p>YN</p>	
274	<p>Are annual accounts available on a public online record (up to 10 €/US\$/GBP)?</p>	<p>0: No, annual accounts are not always available online (up to 10 EUR/GBP/USD); 1: COST: Yes, annual accounts are always online but only at a cost of up to 10 EUR/GBP/USD; 2: FREE: Yes, annual accounts are always available online for free, but not in open data format; 3: OPEN: Yes, annual accounts are always available online for free & in open data format.</p>	

¹ We consider this a reasonable criterion given a) the prevalence of the internet in 2017, 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 <http://opencorporates.com/>; 25.8.2017.

² 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 113 in Financial Action Task Force 2012: The FATF Recommendations. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (Updated in October 2016), Paris, in: http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf; 31.08.2017.

³ Both the recommendations of the international anti-money laundering agency Financial Action Task Force (FATF) and the 4th Anti-Money Laundering Directive of the European Union 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. 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 suffice to frustrate this BO registration threshold if each held 25% of the shares. See [KFSI 3](#) or the note above for further details: <http://www.financialsecracyindex.com/PDF/3-Recorded-Company-Ownership.pdf>; 12.9.2017.

⁴ See note above.

⁵ These innovative ways to exploit the data are both widespread in the open data community and would greatly increase the likelihood of identifying illicit activity hidden behind corporate vehicles. For more information about this see <http://opencorporates.com/>; 26.05.2015.

⁶ 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.

⁷ <http://registries.opencorporates.com/>; 30.8.2017.

⁸ For six principles of open data, please consult <https://opendatacharter.net/>; 30.8.2017.

⁹ 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: <http://www.eoi-tax.org/>; 25.10.2017.

¹⁰ As for the situation in the EU, we have reviewed the 4th EU Directive on Anti-Money Laundering and, to the extent possible, corresponding implementing legislation of EU member states. While in the Financial Secrecy Index 2013 no jurisdiction was considered to have any beneficial ownership registration, this has changed in 2015 and again in the FSI 2018. The said directive entails minimum standards for the registration of adequate, accurate and current information on the beneficial owners of corporates and other legal entities to be accessed by competent authorities, FIUs, entities obliged to conduct customer due diligence (such as banks) and persons and organizations with a legitimate interest. Member States may choose to go beyond this standard and publish the information on registries accessible by the public. In a case where an EU member state has not transposed by 31 August 2017 the EU’s 4th Anti-Money Laundering Directive (AMLD) into domestic law, the relevant secrecy score for not having beneficial ownership registration will be applied (if no other domestic law has been

passed to that effect). The deadline to transpose the Directive into national law was 26 June 2017, so any delayed jurisdiction is or was in breach of the EU AMLD. The definition of ‘beneficial owner’ under the Directive, however, is subject to a threshold of more than 25% ownership rights. In line with various other international developments, we consider this threshold to be too high and therefore only provide a partial reduction of the secrecy score if this threshold is implemented.

For instance, see EU Commission proposal: http://europa.eu/rapid/press-release_IP-16-2380_en.htm; 23.8.2017. Compare also with FATCA, where 10% of shares/capital in an entity is threshold to define a US substantial ownership (“FATCA + AML = an equation with too many variables?”, Weis, Thinnes, PWC Luxembourg, May 2012, at: <http://www.pwc.lu/en/press-articles/2012/fatca-aml-an-equation-with-too-many-variables.jhtml>; 20.7.2014). And consider Transparency International EU/Financial Transparency Coalition/Eurodad 2016: European Commission Proposal on AMLD4. Questions and Answers, in: www.pastoral.at/dl/KKmsJKJKmnOMJqx4KJK/QA_final.pdf; 23.2.2017.

¹¹ The FATF consolidated its 49 (40 plus 9 special) recommendations to a total of 40 in 2012 (the “new recommendations”). Because the mutual evaluation of compliance with the new recommendations has only begun in 2013, we are predominantly using the old evaluations.

¹² <http://registries.opencorporates.com/>; 30.8.2017.

¹³ 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: <http://www.eoi-tax.org/>; 30.10.2016

¹⁴ <http://registries.opencorporates.com/>; 30.8.2017.

¹⁵ 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.

¹⁶ <http://www.oecdbookshop.org/en/browse/title-detail/?ISB=212001131P1>; 26.05.2015.

¹⁷ https://www.theguardian.com/world/2017/sep/04/uk-at-centre-of-secret-3bn-azerbaijani-money-laundering-and-lobbying-scheme?CMP=share_btn_tw; 12.9.2017.

¹⁸ http://www.heraldscotland.com/opinion/14641459.Herald_View_The_shame_of_Scotland_39_s_zero_tax_companies/?ref=rss; 25.8.2017.

¹⁹ <https://www.hjulmandkaptain.dk/english/corporate/company-law/establishment-corporate-form-and-company-structure/limited-liability-partnerships/>; 25.8.2017;

<http://www.allian.co.uk/denmark/danish-limited-partnerships/> 25.8.2017.

²⁰ <http://www.taxjustice.net/faq/tax-competition/>; 25.8.2017.