



**Asia-Pacific
Economic Cooperation**

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Beneficial Ownership Registration and Verification: Challenges and Best Practices

Submitted by: Tax Justice Network



**Capacity Building Workshop on Exposing the
Unseen Hands: Tackling Concealment of
Beneficial Ownership
19 October 2020**



Beneficial Ownership Registration and Verification: Challenges & Best Practices

Andrés Knobel – andres@taxjustice.net

APEC –20 Oct, 2020

AGENDA















-BO REGISTRATION

-CHALLENGES

-HOW TO VERIFY INFORMATION

Tax Justice Network's Indexes

financial secrecy index

Rank	Jurisdiction	Secrecy Score ⁴	Global Scale Weight ⁵
1	 Cayman Islands ²	63	4.58%
2	 United States ²	63	21.37%
3	 Switzerland ²	74	4.12%
4	 Hong Kong, China ²	66	4.44%
5	 Singapore ²	65	5.17%
6	 Luxembourg ²	55	12.36%
7	Japan	63	2.20%
8	 Netherlands ²	67	1.11%
9	 British Virgin Islands ²	71	0.50%
10	 United Arab Emirates ²	78	0.21%
11	 Guernsey ²	71	0.41%
12	 United Kingdom ²	46	15.94%
13	 Taiwan ²	66	0.59%
14	 Germany ²	52	4.71%
15	 Panama ²	72	0.22%

Corporate Tax Haven Index

Rank	Jurisdiction	Haven Score ²	Global Scale Weight ³
1	British Virgin Islands	100	2.12%
2	Bermuda	100	1.86%
3	Cayman Islands	100	1.62%
4	Netherlands	78	12.76%
5	Switzerland	83	3.41%
6	Luxembourg	72	10.53%
7	Jersey	98	0.42%
8	Singapore	81	2.11%
9	Bahamas	100	0.26%
10	Hong Kong, China	73	4.37%
11	Ireland	76	3.11%
12	United Arab Emirates	98	0.22%
13	United Kingdom	63	7.30%
14	Mauritius	80	0.65%
15	Guernsey	98	0.08%

Ownership Indicators

financial secrecy index



Ownership Registration	Legal Entity Transparency	Integrity of tax and financial regulation	International Standards and Cooperation
1 Banking Secrecy	6 Public Company Ownership	11 Tax Administration Capacity	17 Anti-money Laundering
2 Trusts and Foundations Register	7 Public Company Accounts	12 Consistent Personal Income Tax	18 Automatic Information Exchange
3 Recorded Company Ownership	8 Country by Country Reporting	13 Avoids Promoting Tax Evasion	19 Bilateral Treaties
4 Other wealth ownership	9 Corporate Tax Disclosure	14 Tax Court Secrecy	20 International Legal Cooperation
5 Limited Partnership Transparency	10 Legal Entity Identifier	15 Harmful Structures	
		16 Public Statistics	

Lowest available transparency denominator!!

Ownership Indicators

1. Companies
2. Partnerships
3. Private Foundations
4. Domestic Law Trusts
5. Foreign Law Trusts
with a local trustee

-Legal Ownership
(Bearer shares availability)

-Beneficial Ownership

-Registration

-Update

-Online
availability

Ownership Indicators

1 and 2. Companies and Partnerships

a) Shareholders / members / partners (legal ownership)

- All types must register all types of shareholders
- Update of info
- Sufficient Identity details (name, address, birthdate, TIN)
- No bearer-share risk*

Ownership Indicators



1 and 2. Companies and Partnerships

b) BOs

- All types must register all types of BOs
- Thresholds for BO definition
- Update of info
- Sufficient Identity details (name, address, birthdate, TIN)
- No bearer-share risk*
- Senior Manager not registered as BO*

Ownership Indicators



1 and 2. Companies and Partnerships

c) Online Public Access:

-LO : Fee, Free, in Open Data format?

-BO : Fee, Free, in Open Data format?

Ownership Indicators



3, 4 y 5. Private Foundations and Trusts

-Available? (May be created based on domestic laws)

-Registration?

-Register and update:

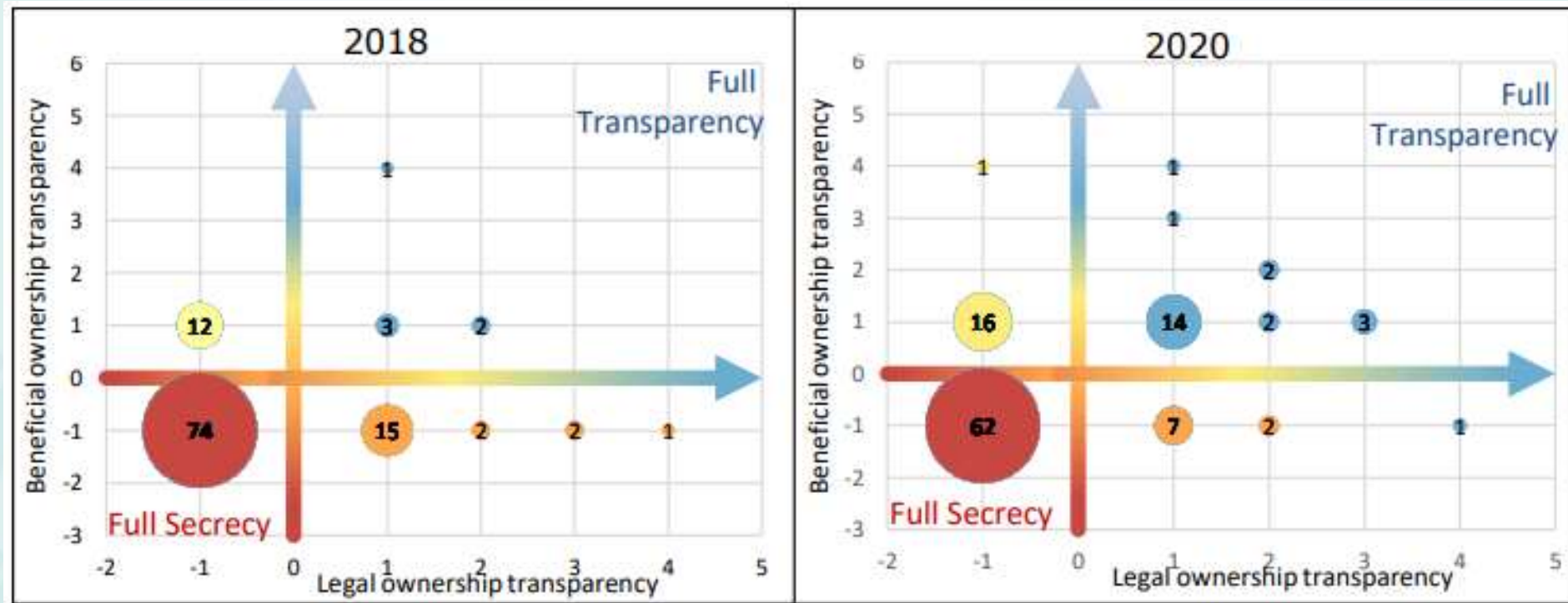
- Settlor/founder
- Trustees / Found. council
- Protectors
- Beneficiaries

-Public online access?

Economies w/ BO Registration

81 (As of May 2020)

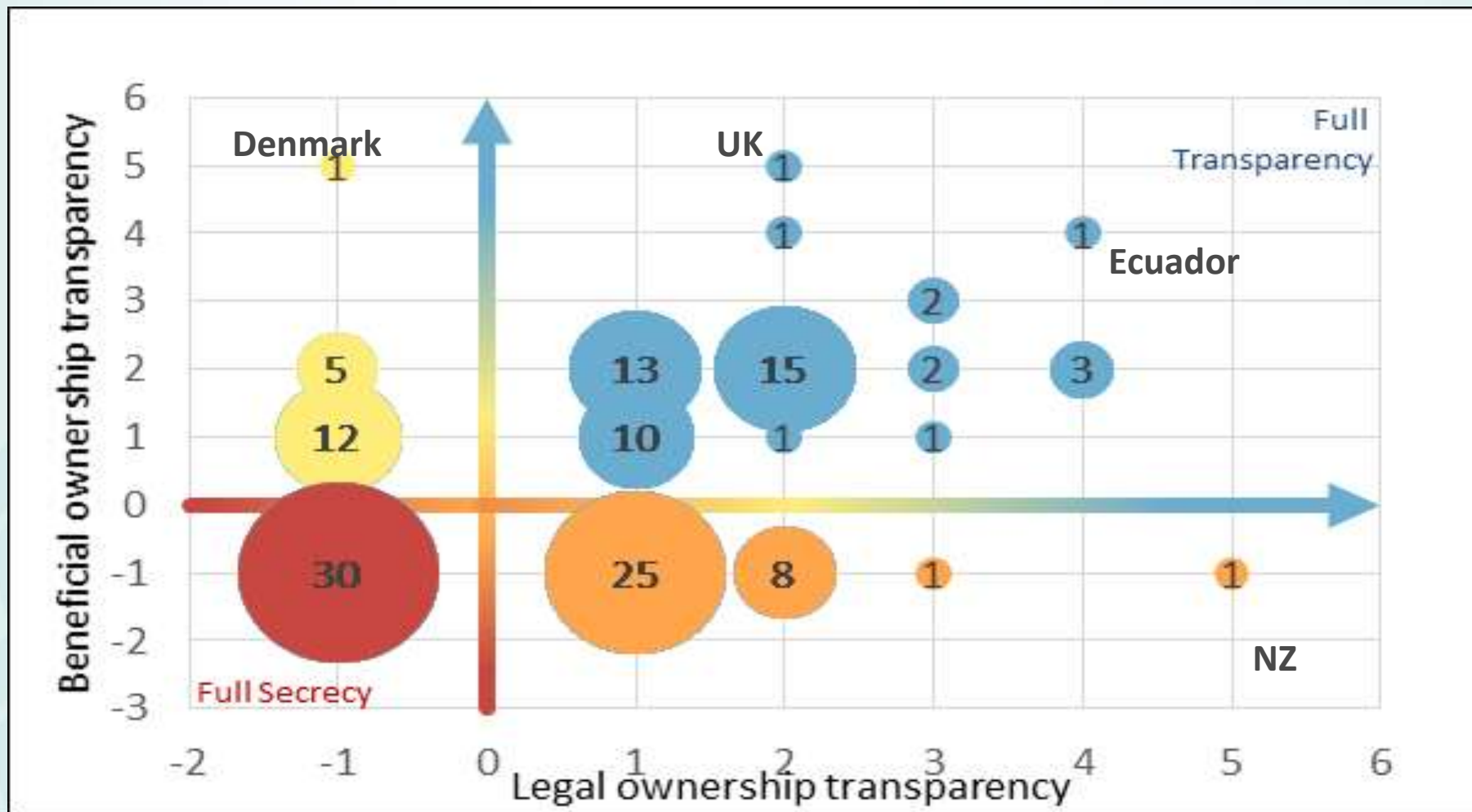
Progress on BO Transparency



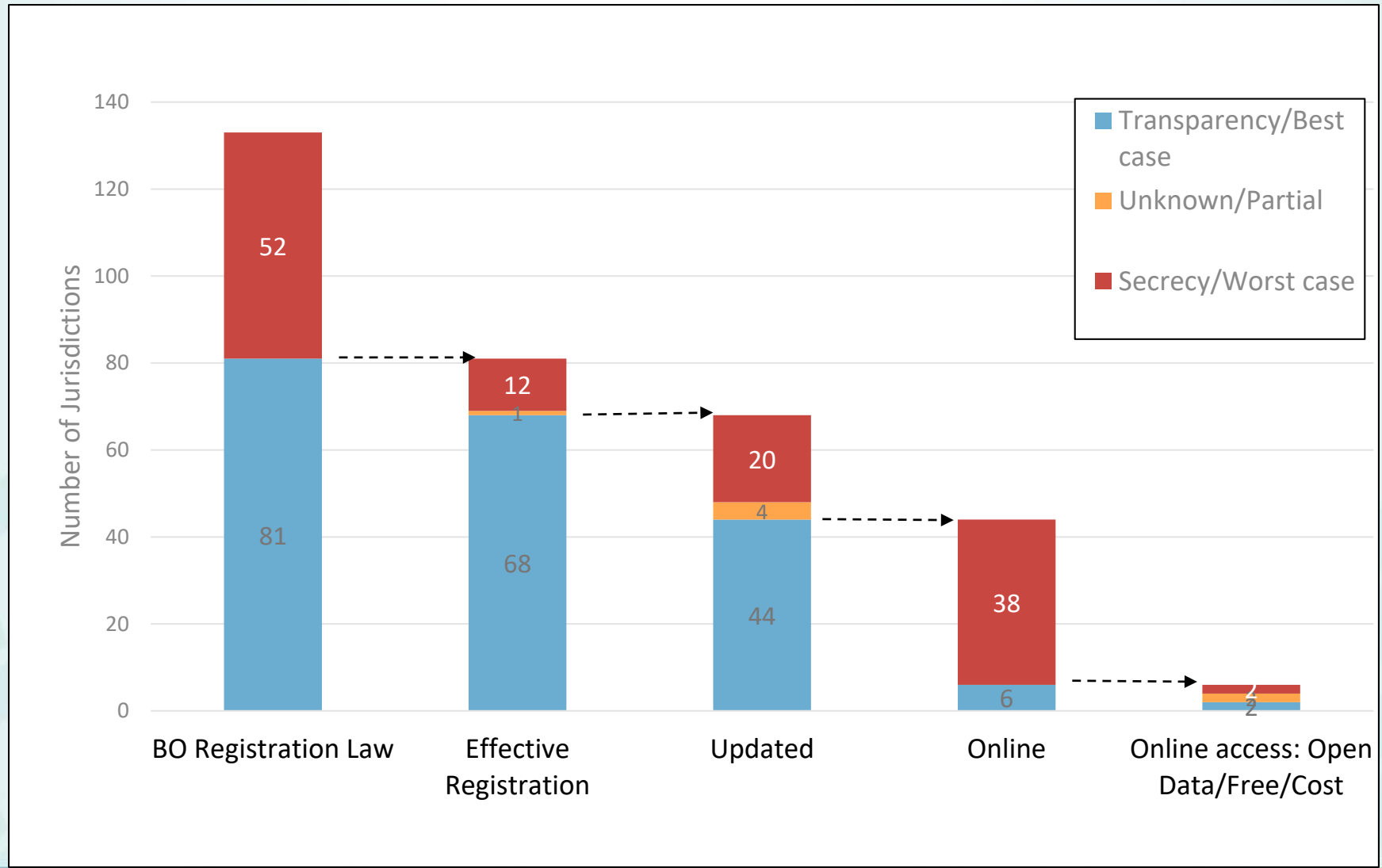
Best Cases

	Companies		Partnerships			Private Foundations	Trusts*	
	LO	BO	LO	BO			Domestic Law Trusts	Foreign Law Trusts with a local trustee
Online (Open Data)	(1) New Zealand	(2) Denmark, United Kingdom	(1) Bulgaria	(1) Denmark	Private foundations or domestic law trusts cannot be created (they cannot create secrecy risk)	(92)	(42)	
Online (free)	(4) Bulgaria, Ecuador, Malta, Norway	(2) Ecuador, Slovenia	(6) Croatia, Czechia, Ecuador, Malta, Slovakia, Slovenia	(3) Ecuador, Luxembourg, Slovenia	Online availability: Full disclosure	(2) Belgium, Germany	(1) Ecuador	-
Online (cost)	(6) Cyprus, Estonia, Ireland, Italy, Jersey, Hong Kong, China	(2) Estonia, Ireland	(9) Cyprus, Estonia, Finland, Germany, Hong Kong, China, Isle of Man, Israel, Italy, Singapore	(2) Estonia, Germany	Online availability: Partial disclosure	(2) Austria, Liechtenstein	(1) Dominican Rep.	(2) Germany, Liechtenstein
Only Updated	(37)	(44)	(78)	(43)	Only mandatory registration	(3): of all parties (26): of some parties	(25)	(25)

Legal Ownership Registration is also Important!



Update is also important!



AGENDA

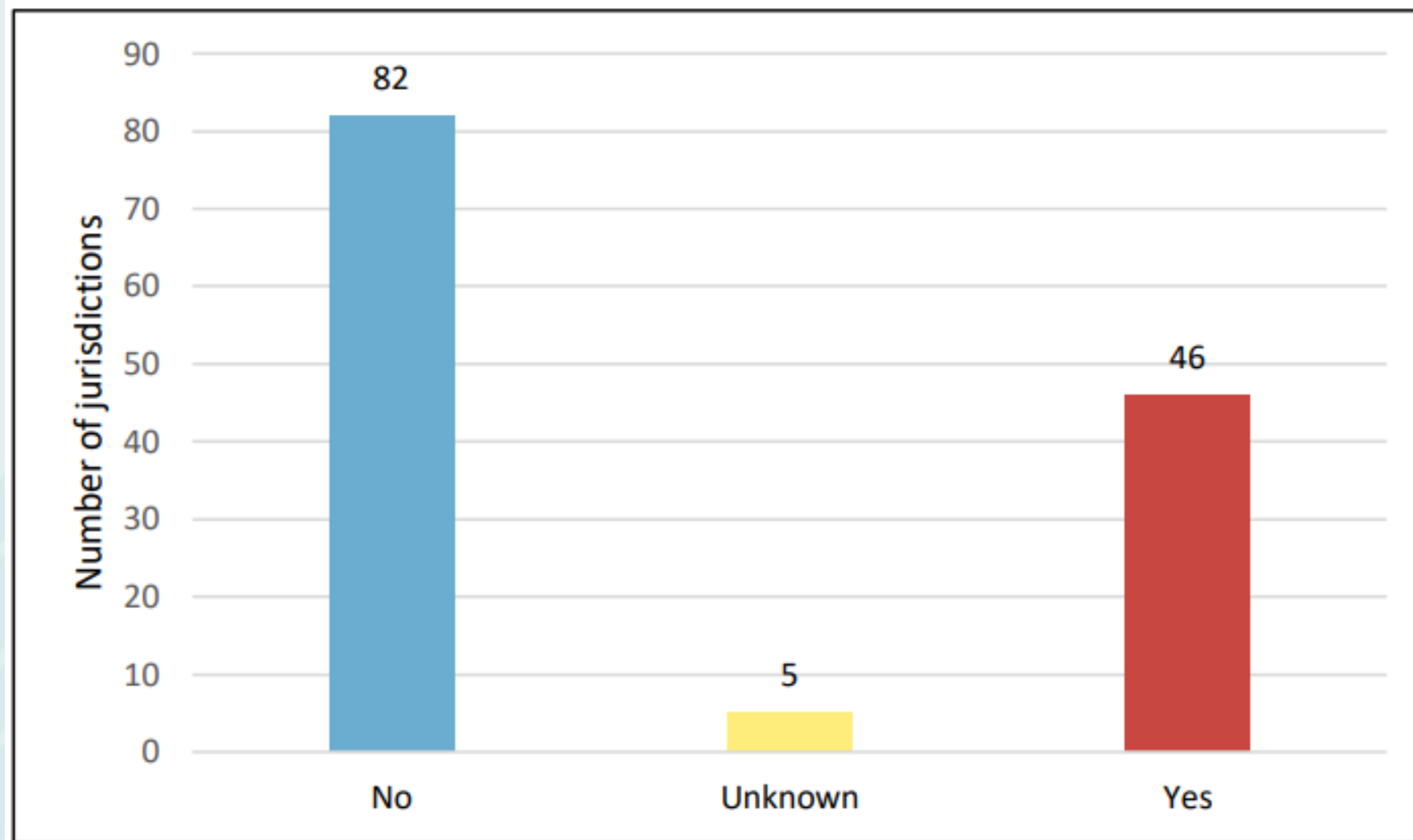


-BO REGISTRATION

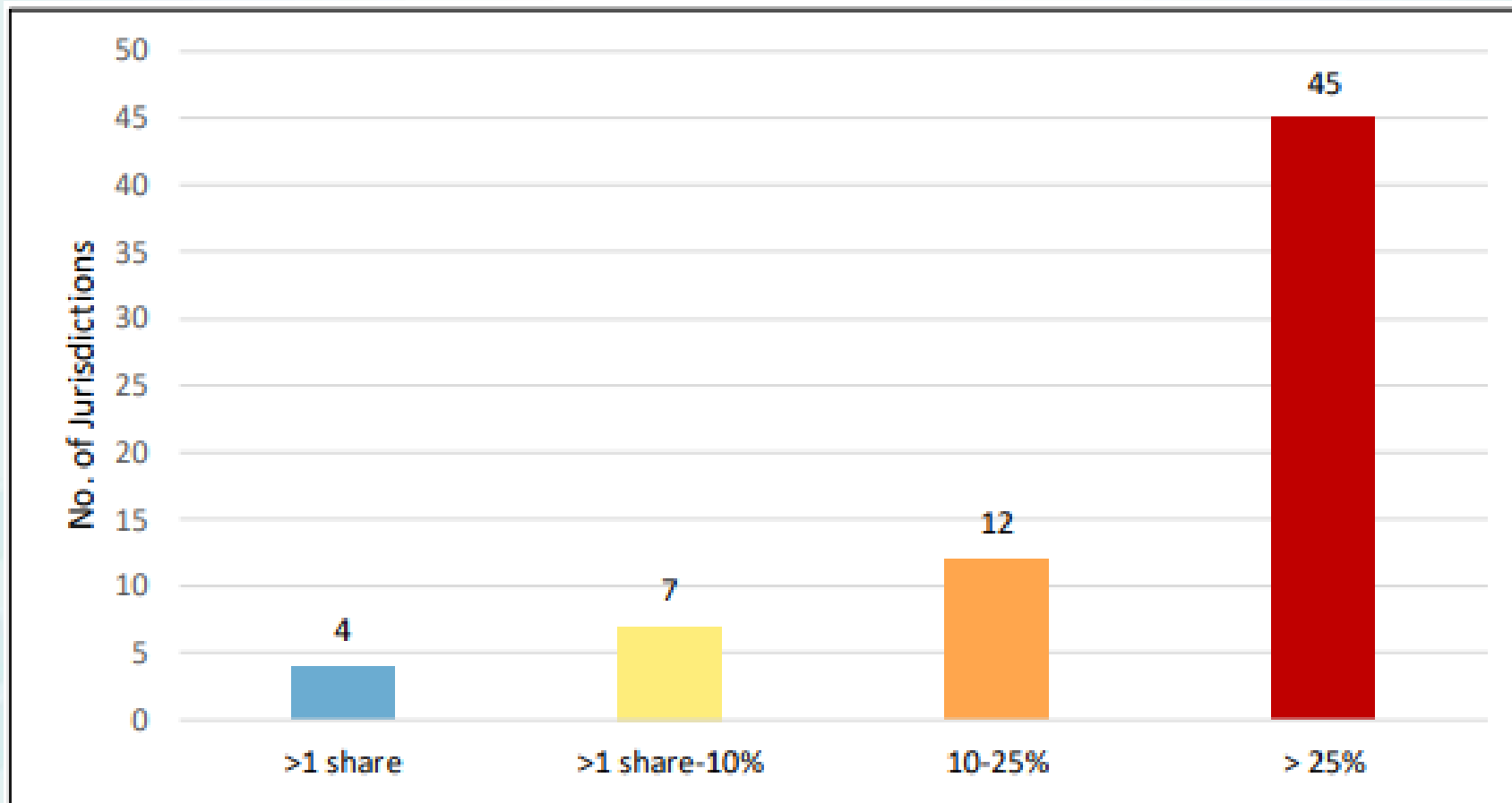
-CHALLENGES

-HOW TO VERIFY INFORMATION

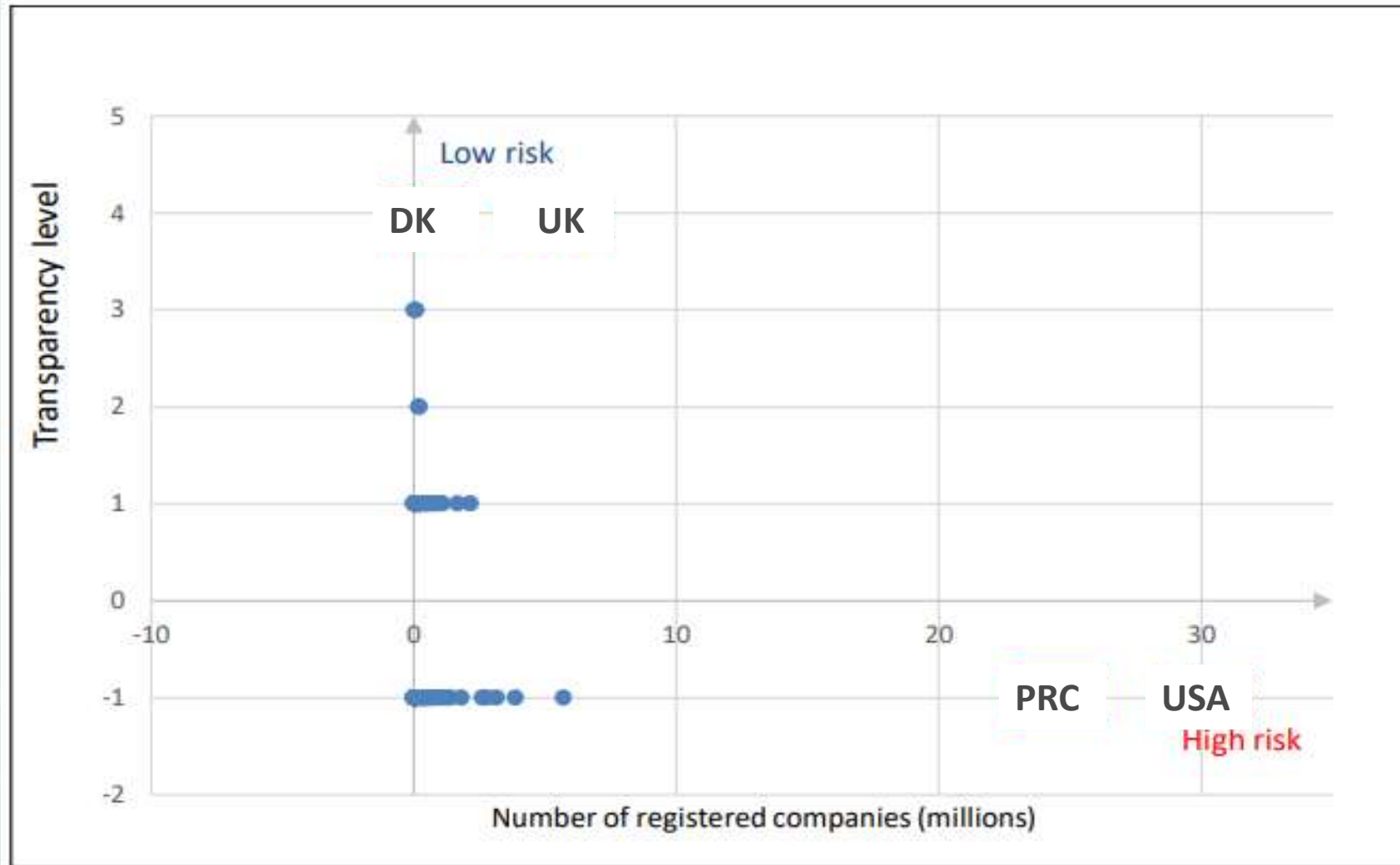
Availability of Bearer Shares



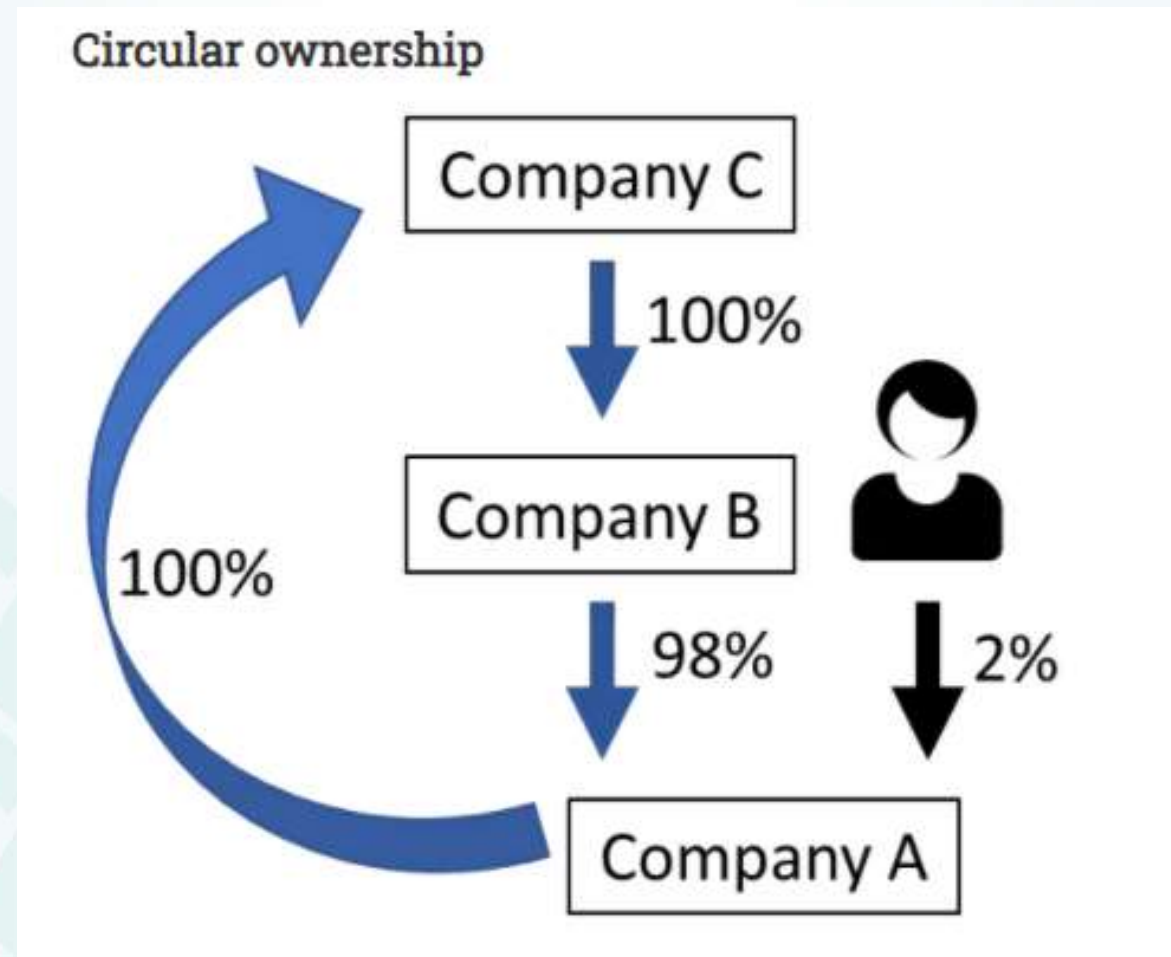
BO definition thresholds



Risk: Transparency & No. of Entities

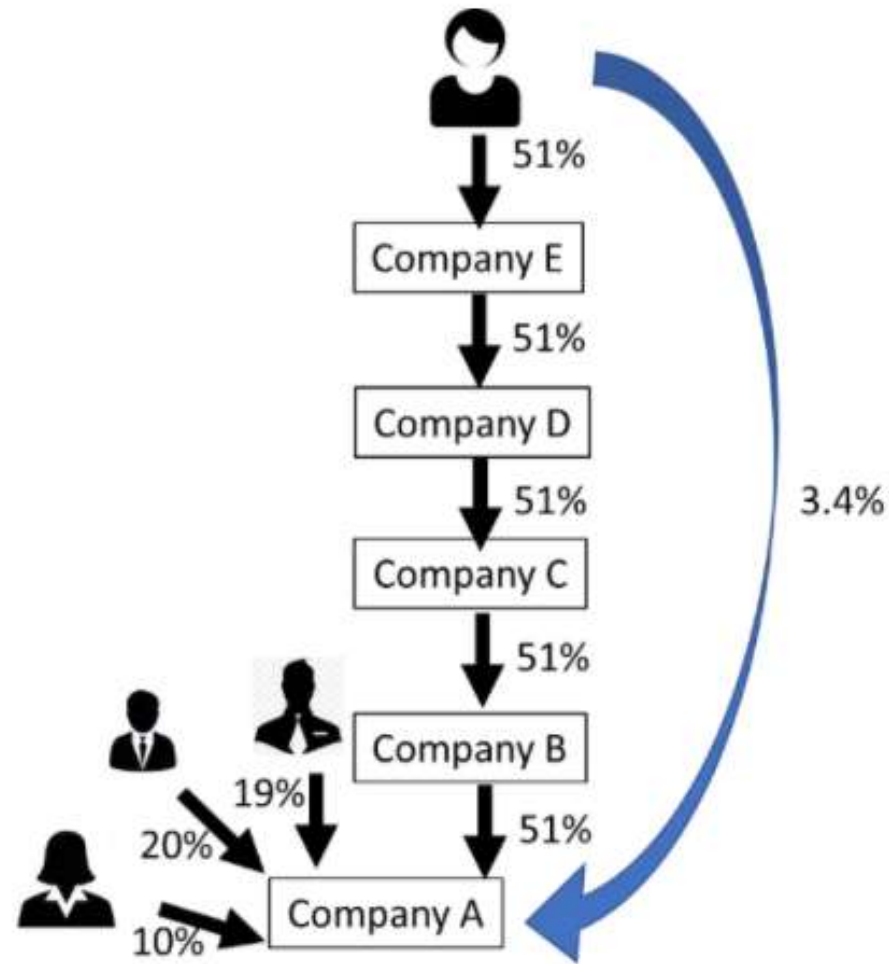


The longer the chain, the harder to detect:



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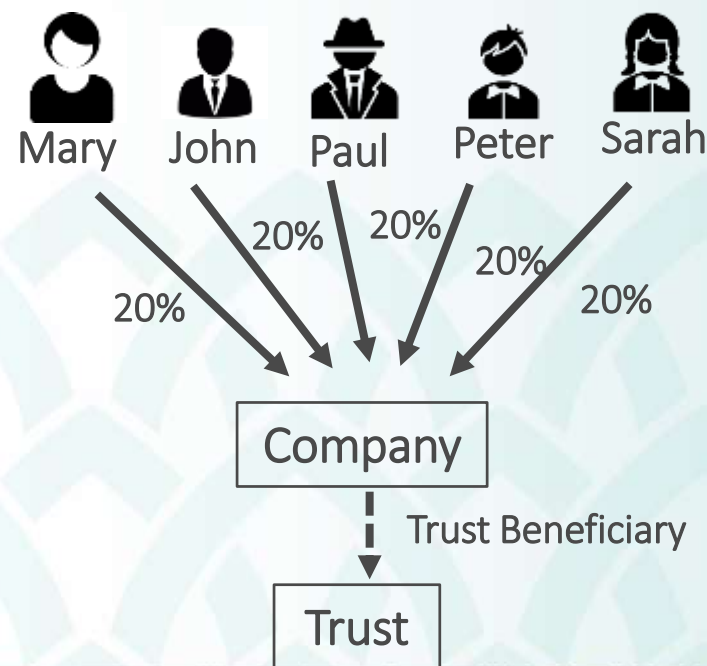
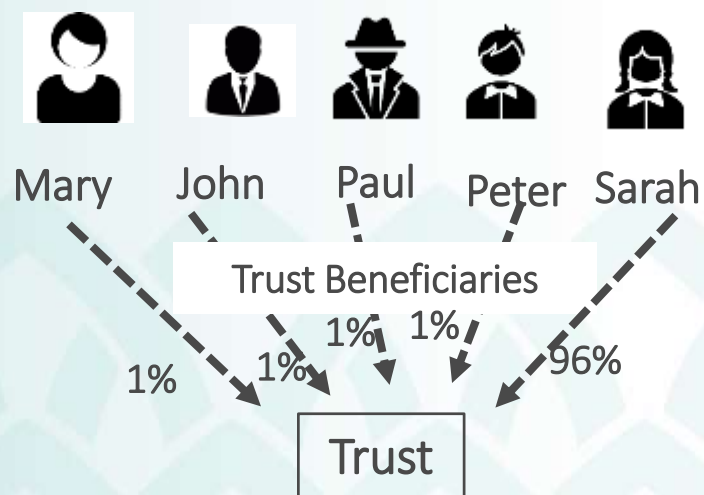
Control with fragmented ownership



Combination of Trusts and Companies

All individuals must register as BOs

No individual needs to register as a BO
(no one passes the 25% threshold)



BO Registration \neq Accuracy

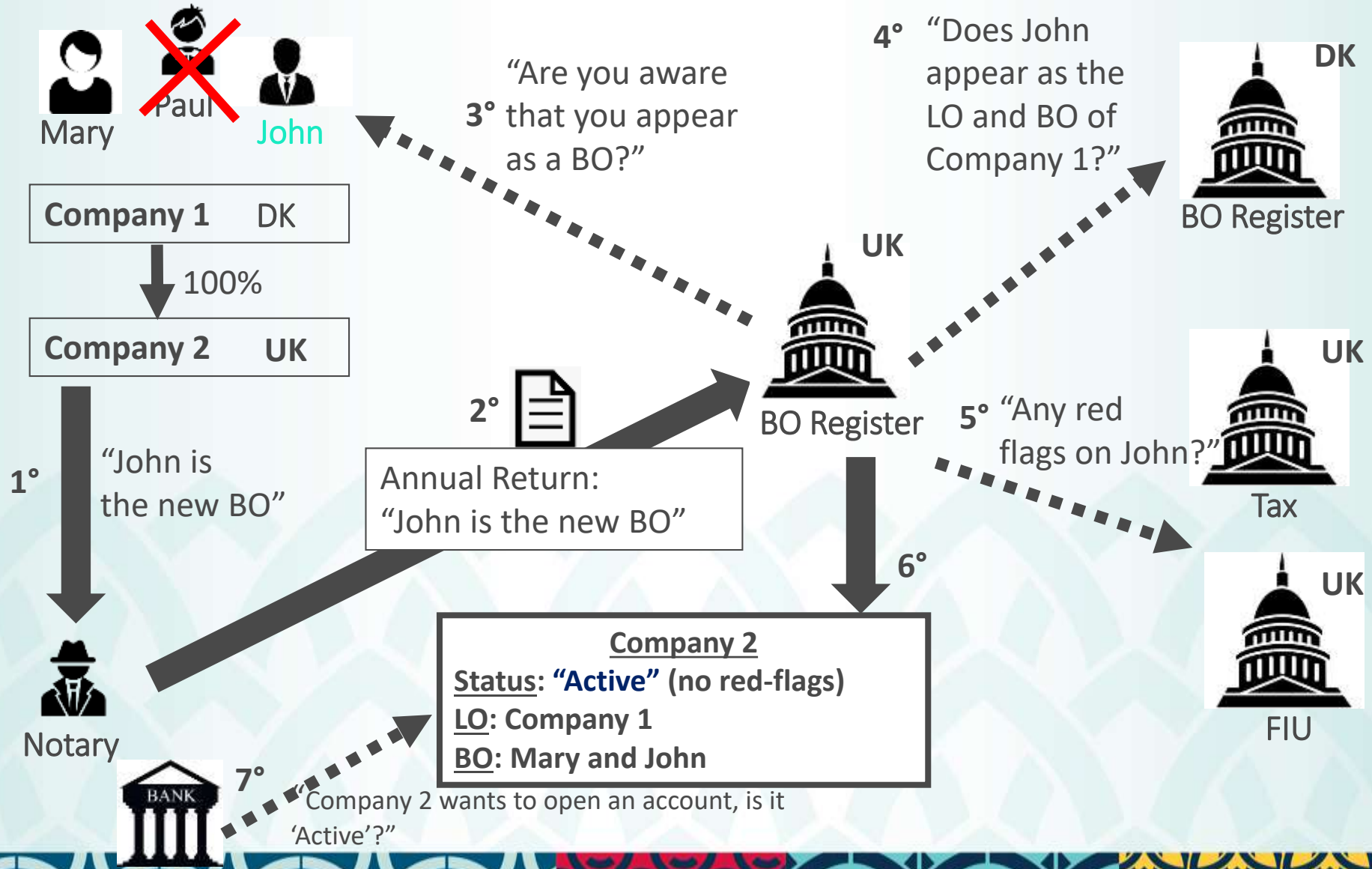
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VISION: THE FUTURE OF VERIFICATION



EXAMPLES

Denmark INCORPORATION: AUTOMATED CROSS-CHECKS (eg still alive?),
MACHINE LEARNING, CONTACT THE BO (“Are you aware that you
appear as BO?”).
AFTER: MANUAL (AUDITS)

Uruguay SPECIAL UNIT IN CHARGE OF (MANUAL) VERIFICATION. IF NON-
COMPLIANT -> TAX ID. SUSPENSION (CANNOT OPERATE)

Slovakia “AUTHORISED PERSON” (eg Lawyer, Bank) MUST VERIFY BO FOR
PARTNERS OF THE STATE (Procurement / Subsidies / State assets).
PUBLIC REGISTER -> OBJECTION -> Company w/ Burden of Proof

Thank you!



More Information:

– <https://fsi.taxjustice.net/en/>

– <http://taxjustice.net>

– <https://www.taxjustice.net/author/andres/>

– andres@taxjustice.net