

## Key Financial Secrecy Indicators 5: Public Company Accounts

### What is measured?

This indicator shows whether a jurisdiction requires all types of companies with limited liability to file their annual accounts and makes them readily accessible online via the internet at a maximum cost of US\$ 10 or € 10<sup>1</sup>.

We have drawn this information from four principal sources<sup>2</sup>:

First, the 2010 OECD-report (Tax Co-operation 2010<sup>3</sup>) and the Global Forum peer reviews<sup>4</sup> have been used to find out whether a company's financial statements are required to be submitted to a government authority.

Second, private sector internet sources have been consulted (Lowtax.net, Ocracom, Offshoresimple.com, etc.).

Third, results of the TJN-Survey 2013 have been included.

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

We assessed the information as being available on public record when download was possible at a fixed cost of maximum US\$ 10 or €10 and did not impose complex payment arrangements (e.g. registration of bank account, sending of hard-copy mails)<sup>5</sup>.

A precondition for a positive assessment is that all available types of limited liability companies must be required to publish their annual accounts online. If any exceptions are allowed for certain types of limited liability companies we assume that anyone intending to conceal information from public view will simply opt for company types where no accounts need to be prepared or published.

### Why is it 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, accounts allow society (the public) to assess any risks they face in trading with limited liability companies. This can only be done when accounts are available for public scrutiny.

Second, in times of financial globalisation, financial regulators and tax authorities need to be able to assess cross-border implications of the activities of companies. Unhindered access to foreign companies' and subsidiaries' accounts 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.

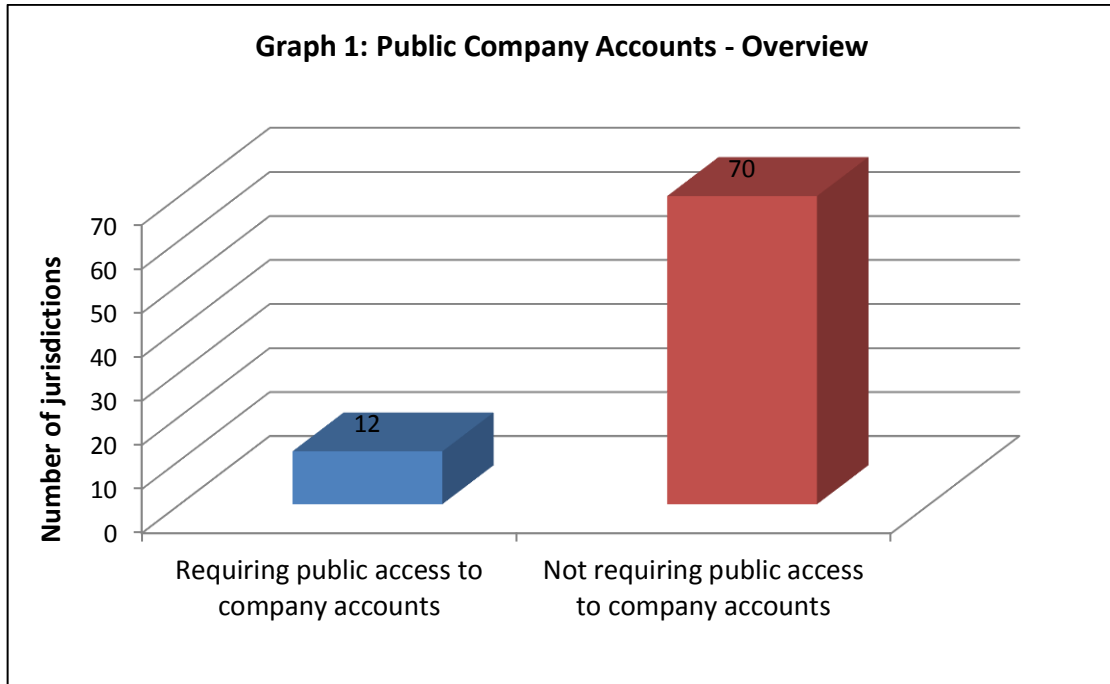
Many transnational corporations structure their global network of subsidiaries and operations in ways that take advantage of the absence of any requirement to publish accounts on public record. Secrecy jurisdictions enable and encourage corporate secrecy in this respect. If annual accounts were required to be placed online in every jurisdiction where a company operates, the resulting transparency would inhibit transfer pricing abuse and other tax avoidance techniques. We do not, however, regard this requirement as a substitute for a full country-by-country reporting standard ([see indicator 6](#)).

#### What are the crimes that might hide behind the absence of public company accounts?

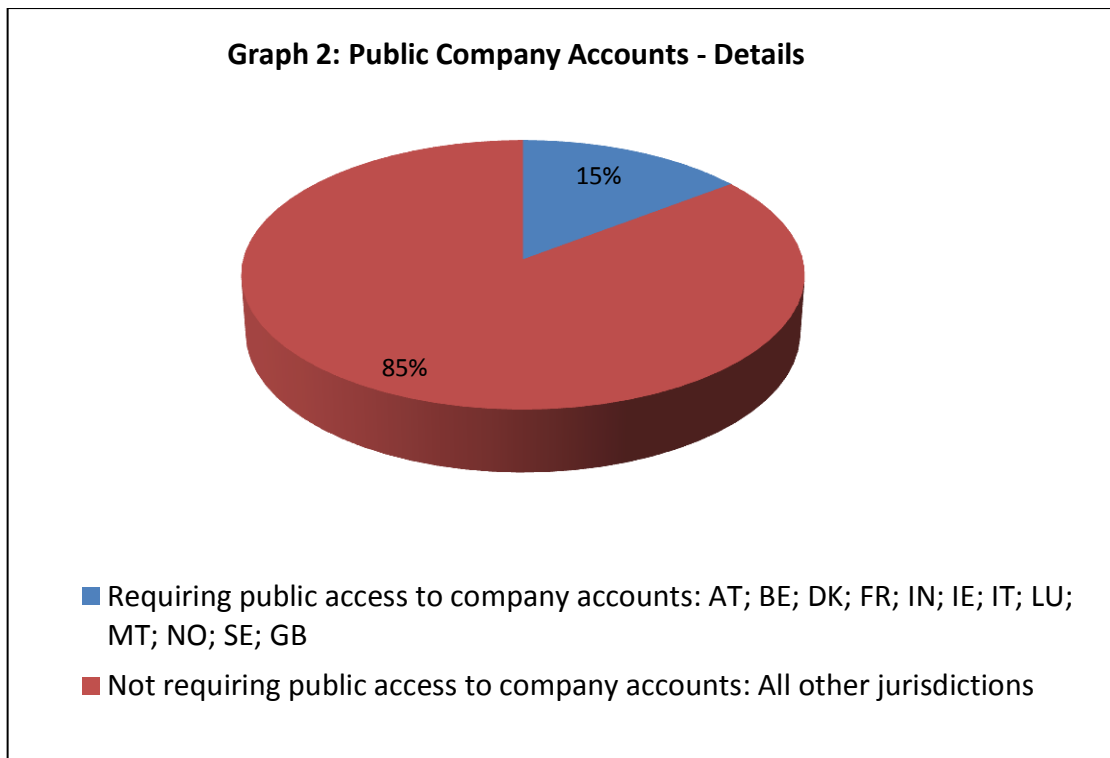
Tax avoidance and evasion by transnational companies, commercial transfer mispricing, trade mispricing, double dipping/corporate fraud, money laundering, hiding of the proceeds of corruption and other crimes might hide behind the secrecy that the absence of published company accounts can provide.

#### Results Overview

Table 1: Public Company Accounts – Overview	
Number of jurisdictions requiring public access to company accounts	12
Number of jurisdictions not requiring public access to company accounts	70



Results Details



**Table 2: Public Company Accounts - Details**

ID	Country	ISO	Public	ID	Country	ISO	Public
1	Andorra	AD	No	42	Korea	KR	No
2	Anguilla	AI	No	43	Latvia	LV	No
3	Antigua & Barbuda	AG	No	44	Lebanon	LB	No
4	Aruba	AW	No	45	Liberia	LR	No
5	Australia	AU	No	46	Liechtenstein	LI	No
6	Austria	AT	Yes	47	Luxembourg	LU	Yes
7	Bahamas	BS	No	48	Macau	MO	No
8	Bahrain	BH	No	49	Malaysia (Labuan)	MY	No
9	Barbados	BB	No	50	Maldives	MV	No
10	Belgium	BE	Yes	51	Malta	MT	Yes
11	Belize	BZ	No	52	Marshall Islands	MH	No
12	Bermuda	BM	No	53	Mauritius	MU	No
13	Botswana	BW	No	54	Monaco	MC	No
14	Brazil	BR	No	55	Montserrat	MS	No
15	British Virgin Islands	VG	No	56	Nauru	NR	No
16	Brunei	BN	No	57	Netherlands	NL	No
17	Canada	CA	No	58	New Zealand	NZ	No
18	Cayman Islands	KY	No	59	Norway	NO	Yes
19	Cook Islands	CK	No	60	Panama	PA	No
20	Costa Rica	CR	No	61	Philippines	PH	No
21	Curacao	CW	No	62	Portugal (Madeira)	PT	No
22	Cyprus	CY	No	63	Russia	RU	No
23	Denmark	DK	Yes	64	Samoa	WS	No
24	Dominica	DM	No	65	San Marino	SM	No
25	Dominican Republic	DO	No	66	Saudi Arabia	SA	No
26	France	FR	Yes	67	Seychelles	SC	No
27	Germany	DE	No	68	Singapore	SG	No
28	Ghana	GH	No	69	South Africa	ZA	No
29	Gibraltar	GI	No	70	Spain	ES	No
30	Grenada	GD	No	71	St Kitts and Nevis	KN	No
31	Guatemala	GT	No	72	St Lucia	LC	No
32	Guernsey	GG	No	73	St Vincent & Grenadines	VC	No
33	Hong Kong	HK	No	74	Sweden	SE	Yes
34	Hungary	HU	No	75	Switzerland	CH	No
35	India	IN	Yes	76	Turks & Caicos Islands	TC	No
36	Ireland	IE	Yes	77	United Arab Emirates (Dubai)	AE	No
37	Isle of Man	IM	No	78	United Kingdom	GB	Yes
38	Israel	IL	No	79	Uruguay	UY	No
39	Italy	IT	Yes	80	US Virgin Islands	VI	No
40	Japan	JP	No	81	USA	US	No
41	Jersey	JE	No	82	Vanuatu	VU	No

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<sup>1</sup> We believe this is a reasonable criteria given a) the prevalence of the internet in 2013, b) international financial flows are transacted using modern technology, and c) the people affected by these cross border financial flows are likely to be in many jurisdictions, and hence *need* online access to public records in other jurisdictions. The open data movement goes even further by demanding that all available company registry information, including accounts, should be made available, for free, in open and real time data format so that network analyses, cross-references between companies and jurisdictions, and new creative data usages become possible. This would greatly increase the likelihood of identifying illicit activity hidden behind corporate vehicles. In the future, it is likely that the requirements of this KFSI may change to better reflect the requirements of open data, which, among others, is a zero cost requirement. For more information about this see <http://opencorporates.com/>; 15. 07.2013.

<sup>2</sup> To see the sources we are using for particular jurisdictions please check out the assessment logic table in Annex C here <http://www.financialsecrecyindex.com/PDF/FSI-Methodology.pdf> and the corresponding information for individual countries in our database, available at [www.financialsecrecyindex.com/database/menu.xml](http://www.financialsecrecyindex.com/database/menu.xml).

<sup>3</sup> The full title of this annual publication is “Tax Co-operation: Towards a Level Playing Field”. Table D6 is the main source in the OECD report. The OECD notes for table D6: “This table shows for each of the countries reviewed the legal requirements relating to the nature of the accounting records that must be created and retained, specific requirements with respect to their auditing and lodgement with a governmental authority and the rules regarding the retention of the records.” (OECD 2010: 245). Column four and five are described as follows: “Column 4 shows whether jurisdictions require the preparation of financial statements. Column 5 shows whether a requirement exists to file financial statements with a governmental authority and/or to file a tax return” (ibid.).

<sup>4</sup> 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/>

<sup>5</sup> We consider that for something to be truly ‘on public record’ there should be an absence of prohibitive barriers to access, either in the form of high access fees or unnecessary bureaucracy.