

Key Data Reports

1: Number of Companies

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What is measured?

This report provides information on the number of companies incorporated in a given jurisdiction.

For the purpose of this report any limited liability entities such as joint stock corporations, limited liability companies, limited liability partnerships and limited partnerships count as companies. Companies and corporations dominate in all cases.

The data has, wherever possible, been extracted from secondary sources such as the US-INCSR report¹ (2008) or IMF- or FATF²-assessments in order to mitigate potential problems resulting from a lack of inter-country consistency of the figures. We have in addition used data collected during the TJN Secrecy Jurisdiction Survey undertaken in 2009. Only if these sources proved unsatisfactory did we resort to data from the websites of the company registries of the jurisdictions surveyed.

We tried to include the most recent and most reliable data, but these were two criteria that were sometimes at odds with each other. When in doubt we usually opted for what appeared the more reliable data source. No data relates to periods after 31.12.2008 unless it was collected from the TJN-Survey 2009 and the jurisdiction surveyed supplied data relating to early 2009 and did not advise us of the fact.

Why is it important to know how many companies there are in a secrecy jurisdiction?

Lenient incorporation rules that allow near total or absolute anonymity to those who own and run companies incorporated in secrecy jurisdictions foster all sorts of crime, as noted further below.

The number of companies incorporated in a jurisdiction may be indicative of two things: first the ease of company formation and secondly the extent to which the jurisdiction facilitates abuse by those from outside its domain. The companies in most territories surveyed are likely to be formed for the sole purpose of recording transactions (that is, carrying on business) that occur exclusively outside its geographic domain. Indeed, many jurisdictions

¹ This stands for "International Narcotics Control Strategy Report", an annual publication issued by the US-State Department (see Glossary for more details).

² IMF stands for „International Monetary Fund“ and FATF for „Financial Action Task Force“ (see Glossary for more details).

offer types of companies than are not allowed to do business locally. However, because of the secrecy that surrounds companies in most of the jurisdictions surveyed it is almost impossible to tell where these companies do actually trade, and where they should have tax liability or be subject to regulation. This is the danger that arises from the use of these entities.

These so-called “shell companies”, “letter-box companies”, or “brass-plate companies” usually serve just one purpose, which is to conceal the identity of the real beneficiaries of a transaction behind a corporate structure. The companies are often complemented by other secrecy structures (e.g. trusts, which are often recorded as the owners of secrecy jurisdiction companies with the deliberate intention of creating layers of impregnability) and so make it difficult or even impossible for tax and other law enforcement authorities to connect a particular financial flow (e.g. a suspicious payment) with a real human being who might be held accountable for it as a result.

Many jurisdictions do not require the registration of the identity of the real people that actually own companies (who we call the beneficial owners)³. Fewer still require that beneficial ownership information be put on public record⁴. Not knowing who is behind a corporate entity and not being able to find out within reasonable time and after expending only moderate effort who owns a company poses serious risks for those dealing with any company and the general public at large, not least if they unwittingly trade with and extend credit to such a company and then lose as a result.

This is exacerbated by few jurisdictions requiring that financial information such as annual accounts be placed on public record⁵. Multinational corporations can exploit the opportunity this provides to engineer their tax bills by manipulating their transfer pricing to transfer profits to low tax jurisdictions, which they can hide by not putting the accounts of their secrecy jurisdiction subsidiaries on public record. This must be at least part of the reason why multinational corporations have developed a wide-ranging web of brass-plate companies that spans the globe⁶. Country-by-country reporting would tackle this issue⁷.

Two caveats must be born in mind when considering this data. First, a large number of companies registered in a jurisdiction is not in itself evidence that all the companies so registered are mere shell companies: some of these will be undertaking genuine economic activity in the jurisdiction. However, as the ratio of companies-per-head of population in a jurisdiction rises the more likely it is that a significant proportion will be shell companies.

³ See <http://www.secrecyjurisdictions.com/PDF/PublicCompanyOwnership.pdf>

⁴ See <http://www.secrecyjurisdictions.com/PDF/RegisteredCompanyOwnership.pdf>

⁵ See <http://www.secrecyjurisdictions.com/PDF/PublicCompanyAccounts.pdf>

⁶ See: <http://www.taxjustice.net/cms/upload/pdf/45940CCBd01.pdf>

⁷ See <http://www.financialtaskforce.org/2009/06/17/country-by-country-reporting-holding-multinational-corporations-to-account-wherever-they-are/>

Second, whilst some secrecy jurisdictions may specialize in “offshore”-banking, reinsurance business, hedge funds, trusts or foundations, others seek to attract incorporation business. They seek to earn revenue from the fees this generates. A significant number of companies (either per head and/or absolutely) may be indicative of such a “corporate” haven-strategy.

What are the crimes that might hide behind high numbers of incorporated companies?

Individual’s tax evasion, corporate tax avoidance or evasion, financial fraud, infringement of competition rules, non-payment of creditors, bankruptcy fraud, hiding of the proceeds of corruption, organised crime (especially drug trafficking), illegal arms trading, trafficking in human beings, money laundering, the covering of illicit intelligence activity and more besides might be hidden behind the veil of the shell corporation.

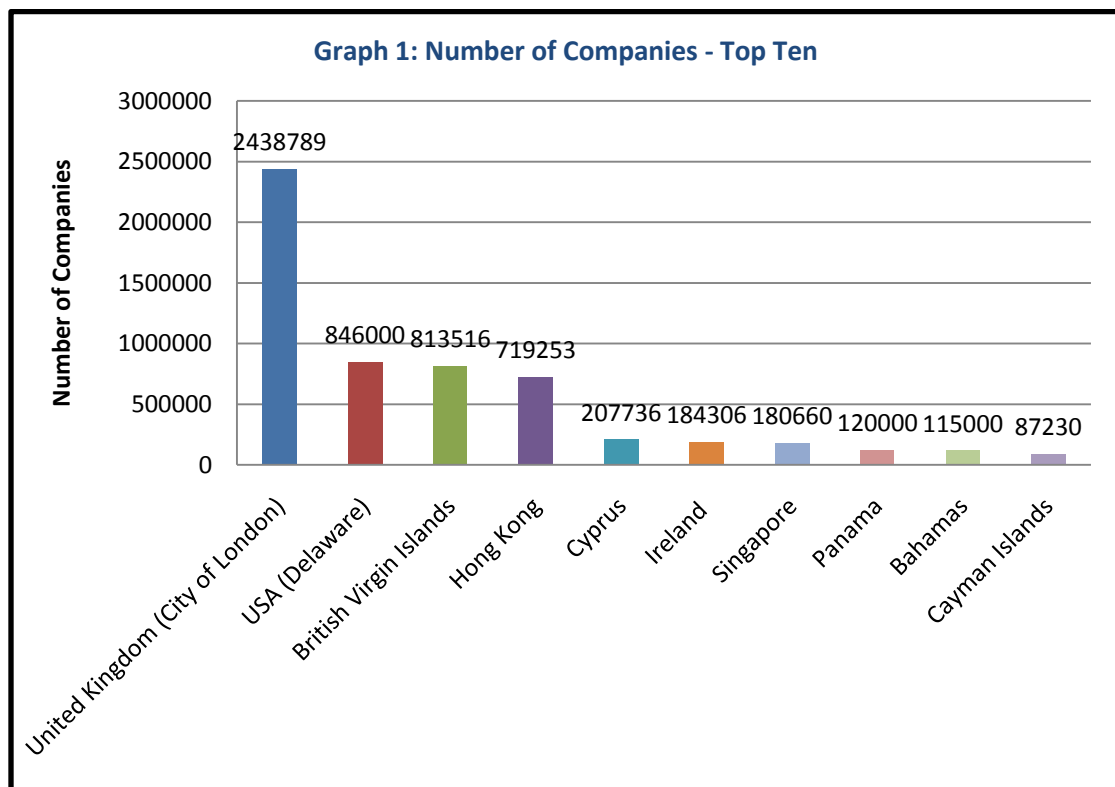
Results Overview

Table 1: Number of Companies – Overview

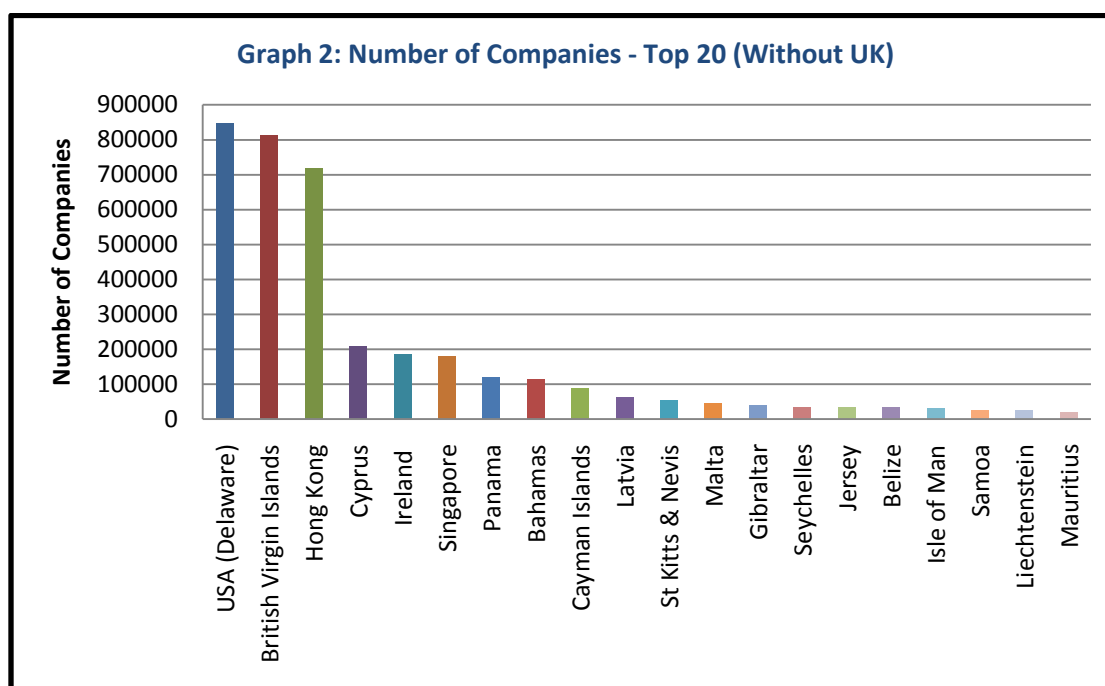
Number of jurisdictions without data:	16
Number of jurisdictions with data:	44

Jurisdictions with missing data in alphabetical order:

Austria, Bahrain, Belgium, Costa Rica, Hungary, Israel, Lebanon, Liberia, Maldives, Marshall Islands, Nauru, Netherlands, Philippines, Switzerland, Uruguay, US Virgin Islands.



Results Detail



The UK has been omitted for scaling purposes.

Box 1: Companies per Head (referring to Graph 3 and 4)

Graph 3 displays the number of companies per head for the 44 secrecy jurisdictions for which we found data.

The data suggests that for every 100 living human beings in these places there are on average 104 companies. This number is greatly exacerbated with the BVI where there are 3389 companies for each 100 people. In the case of Cayman Islands there are 182 companies for every 100 people and this number stands at 97 in Delaware. Graph 4 compares these numbers with some high income per head countries that are less often labelled secrecy jurisdictions.

France, Germany, Sweden, the UK and the USA as a whole have an average of less than three companies per 100 heads of population. While France and Germany have the lowest share (with barely two and one companies, respectively), Sweden, the UK and the entire US all have approximately four limited liability entities per 100 people.

It is hard to explain the difference in ratio except by suggesting that most of the secrecy jurisdiction companies are shells or letter box operations whose main role is to create enormous opacity in the world economy.

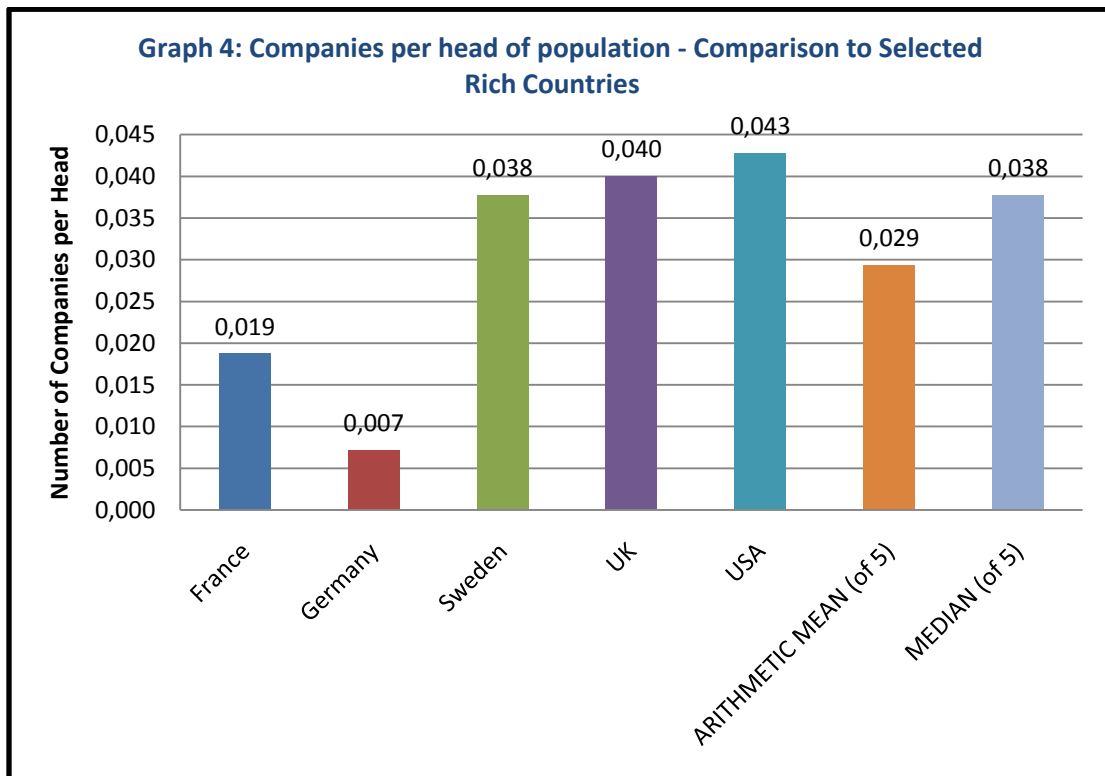
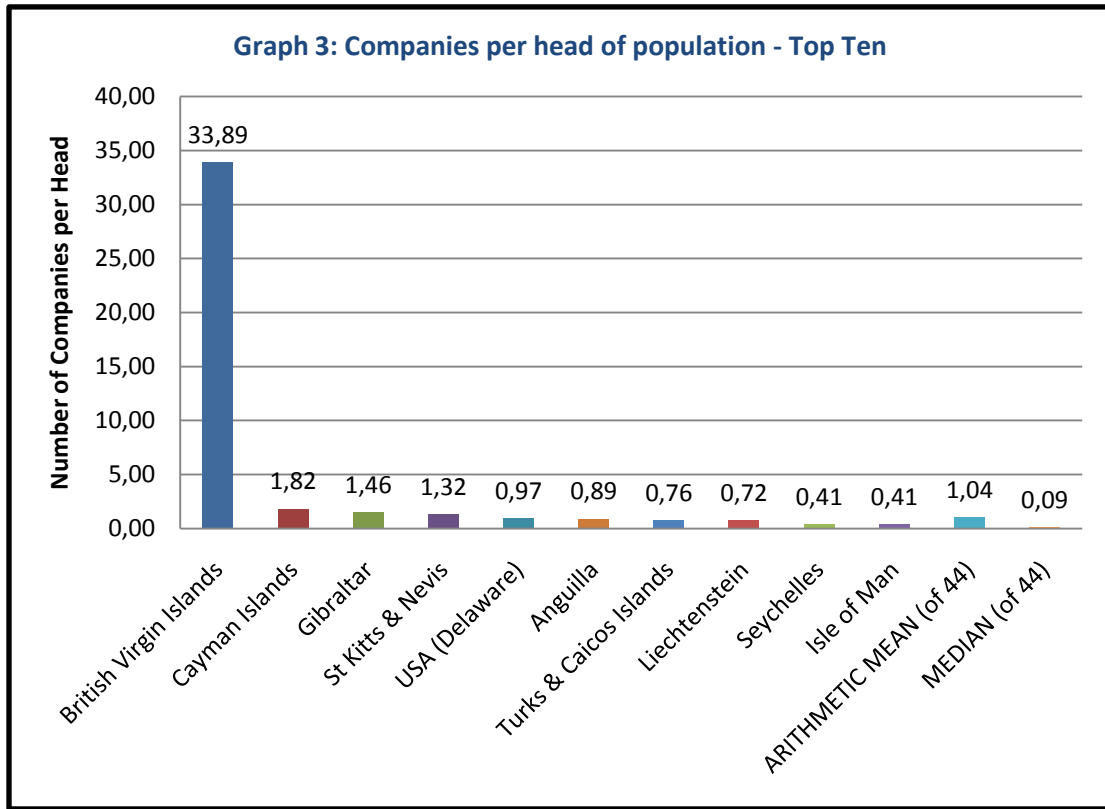


Table 2: Number of Companies - Details (alphabetical)

ID	Jurisdiction	ISO	Number of registered companies	ID	Jurisdiction	ISO	Number of registered companies
1	Andorra	AD	7990	31	Liechtenstein	LI	24985
2	Anguilla	AI	12534	32	Luxembourg	LU	15000
3	Antigua & Barbuda	AG	3255	33	Macao	MO	10000
4	Aruba	AW	8106	34	Malaysia (Labuan)	MY	5500
5	Austria	AT	Unknown	35	Maldives	MV	unknown
6	Bahamas	BS	115000	36	Malta	MT	45975
7	Bahrain	BH	Unknown	37	Marshall Islands	MH	unknown
8	Barbados	BB	4635	38	Mauritius	MU	19349
9	Belgium	BE	Unknown	39	Monaco	MC	3950
10	Belize	BZ	32800	40	Montserrat	MS	50
11	Bermuda	BM	17648	41	Nauru	NR	unknown
12	British Virgin Islands	VG	813516	42	Netherlands	NL	unknown
13	Brunei	BN	8500	43	Netherlands Antilles	AN	14191
14	Cayman Islands	KY	87230	44	Panama	PA	120000
15	Cook Islands	CK	833	45	Philippines	PH	unknown
16	Costa Rica	CR	Unknown	46	Portugal (Madeira)	PT	6500
17	Cyprus	CY	207736	47	Samoa	WS	25383
18	Dominica	DM	12787	48	Seychelles	SC	34000
19	Gibraltar	GI	40807	49	Singapore	SG	180660
20	Grenada	GD	1580	50	St Kitts & Nevis	KN	52206
21	Guernsey	GG	18627	51	St Lucia	LC	2851
22	Hong Kong	HK	719253	52	St Vincent & Grenadines	VC	8573
23	Hungary	HU	Unknown	53	Switzerland	CH	unknown
24	Ireland	IE	184306	54	Turks & Caicos Islands	TC	17000
25	Isle of Man	IM	31325	55	United Arab Emirates (Dubai)	AE	5000
26	Israel	IL	Unknown	56	United Kingdom	GB	2438789
27	Jersey	JE	33395	57	Uruguay	UY	unknown
28	Latvia	LV	62709	58	US Virgin Islands	USVI	unknown
29	Lebanon	LB	Unknown	59	USA	US	846000
30	Liberia	LR	Unknown	60	Vanuatu	VU	3603