

Narrative Report on United Kingdom

United Kingdom is ranked at 21st position on the 2013 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting derived from its share of the global market for offshore financial services.

United Kingdom has been assessed with 40 secrecy points out of a potential 100, which place it into the moderately secretive category at the bottom of the secrecy scale (see chart 1).

United Kingdom accounts for over 18 per cent of the global market for offshore financial services, making it a huge player compared with other secrecy jurisdictions (see chart 2).

Part 1: Telling the story

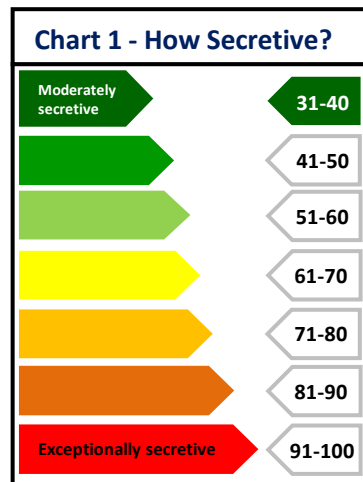
30 September 2013

The City of London: history and overview

The United Kingdom is the world's seventh largest economy¹ following the United States, China, Japan, Germany, France and Brazil. Its financial centre, known as the City of London or the City², is on some measures the world's largest.






















The United Kingdom itself has characteristics of a secrecy jurisdiction, though its secrecy score of 40 ranks it in the bottom of the secrecy spectrum. However, the City is intricately connected to a large network of British secrecy jurisdictions around the world, such as Jersey in the Channel Islands (secrecy score 75), or the British Virgin Islands in the Caribbean (secrecy score 66), which collectively make up between a third and a half of the world's tax havens. Overall, the City of London and its satellites constitute by far the most important part of the offshore world of secrecy jurisdictions.

Of the 82 jurisdictions in the 2013 Financial Secrecy Index, nearly half are connected to Britain. These include, most importantly, the three Crown Dependencies (Jersey, Guernsey and the Isle of Man) and 7 of its 14 Overseas Territories (including the Cayman Islands and Bermuda), alongside other jurisdictions whose final court of appeal is the Judicial Committee of the Privy Council in London, as Table 1 below illustrates. (Read about the significance of



the Privy Council [here](#).) A number of British [Commonwealth countries are also included on our list while](#) other fully independent jurisdictions such as Hong Kong enjoy deep and enduring financial links with the City of London, based on centuries of shared history.

Table 1: The British Connection

Anguilla 	Gibraltar 	St. Vincent and Grenadines 
Antigua and Barbuda 	Grenada 	Turks and Caicos 
Bahamas 	Guernsey 	United Kingdom 
Bermuda 	Isle of Man 	
British Virgin Islands 	Jersey 	KEY
Brunei Darussalam 	Mauritius 	UNITED KINGDOM
Cayman Islands 	Montserrat 	Crown Dependencies
Cook Islands 	St. Kitts and Nevis 	Overseas Territories
Dominica 	St. Lucia 	Other Privy Council Jurisdictions

History

London's pre-eminence in global finance has very old roots, which can be traced in two principal areas: the [City of London Corporation](#), and the British Empire.

The City of London Corporation, the world's oldest continuous municipal democracy, is a unique body, at least ten centuries old. It is the municipal authority for the City of London, a roughly 1.2 square mile slab of prime London real estate located at the geographical heart of London, with fewer than 10,000 residents, also known as the Square Mile. The City

Corporation is officially a lobbyist for the UK financial services sector and for financial deregulation, at home and abroad. It is also, in effect, an old boys' network, with over 100 livery companies (such as the Worshipful Company of Tax Advisers) contributing to an important but unseen business and political presence in the broader UK economy and political system.

The City Corporation, which predates the British parliament, has special privileges and 'freedoms' – carved in some ways outside of normal UK civic governance. This in itself gives the City Corporation a little of an 'offshore' flavour,³ and its special status has helped it defend itself, and the UK's financial sector more generally, over many centuries. These 'freedoms' from interference also help explain why important parts of the British establishment and institutional apparatus such as the Old Bailey (the central criminal court) and Fleet Street (traditionally, the home of newspapers) are located in, and thrived in, the Square Mile. One of several unique points is its non-party voting system, where corporate players are allowed to vote alongside the 10,000-odd residents in local elections.

The City Corporation has long fought for freedom to trade relatively unhindered from demands and pressures from various sovereigns and governments – and sometimes from tax. Particularly in the second half of the 20th Century, it focused increasingly on defending the freedoms of finance. Britain's disastrous history of 'light-touch' regulation leading up to the global financial crisis from 2007/8 has deep historical roots in the City Corporation's lobbying activities, and even ideological proselytising in defence of freedom for finance. The Lord Mayor of the City of London Corporation – not to be confused with the Mayor of London, who runs the vastly larger London metropolis – is explicitly tasked with promoting the financial services industry and lobbying for financial liberalisation around the globe.

The **second** big historical strand to London's pre-eminence as a global financial centre stems from Britain's imperial, trading and naval history, which dates back five centuries or so, notably to the opening of the Royal Exchange by Queen Elizabeth 1 in 1571, and the subsequent expansion of trading into Asia and elsewhere.⁴ As the historians P.J. Cain and A.G. Hopkins famously noted⁵, in the role of financial turntable for private projects around the globe, London became the "governor of the imperial engine" and this all but guaranteed its pre-eminence as a financial centre. The international dimension also gave London a decisively outward-looking character – a historical legacy highly conducive to offshore finance and which remains a feature today.

The Empire ensured vast amounts of capital and financial activity would inevitably gravitate towards London, without it feeling that it had to 'compete' on such things as light touch financial regulation or tax minimisation. In an important sense, then, the Empire was a source of economic 'rents' for the City: a 'feeder' system automatically providing lucrative capital streams to City financiers, with relatively little effort required, and plenty of long lunches. This rent-seeking character would set the scene for the emergence of the different,

offshore-based though still rent-seeking ‘feeder’ system that emerged after the collapse of the formal Empire, as explored below.

Two particular developments in British Common Law during that period are worth noting. First, from the late 19th Century British courts began to distinguish (for tax purposes) between a company’s place of *registration* and the place from where it is *controlled*, an issue that was of great interest to firms investing across borders. A landmark 1876 case⁶ ruled that a company should be taxed in the country where control is exercised⁷. Later, in 1929, a court ruled that the *Egyptian Delta Land and Investment Co. Ltd.*, which was registered in the UK but which had moved its board of directors to Egypt, would not be taxed in the UK. Some have attributed Britain’s status as a tax haven to this ruling: from then on, foreigners could register companies in the UK yet avoid tax on them.⁸ This principle of residence without taxation applied to the British Empire as a whole and was soon rolled out to its various territories, including some of the world’s most important tax havens today. This principle underpins the International Business Corporation (IBC) and other staples of the modern offshore world.

A second notable legal development emerging from British common law is the concept of trusts, where *ownership* of an asset can be separated out from *control* of that same asset. (Read more about trusts on the TJN blog [here](#).) Trust mechanisms and subterfuges can be used to create almost impenetrable secrecy barriers, and this secrecy is reinforced by the fact that they are almost never registered or on public record; there is usually no requirement to disclose financial statements; in many offshore jurisdictions there are no requirements for trustees or other trust agents to collect tax or even inform authorities of disbursements, and so on. Secrecy jurisdictions embraced the trust concept with open arms, generating innovative and hybrid forms of trust which create forms of secrecy at least as impenetrable as the plain old banking secrecy of the Swiss variety – and possibly more so: one former practitioner has described them as ‘the ultimate weapon’ in secrecy. Trusts have proliferated in Britain and among its dependencies, and a simple secrecy structure will typically see the trust located in one jurisdiction, while the trustees are to be found in other ones; its assets will often be held by an offshore company in another jurisdiction, which has its bank account in yet another jurisdiction.

When the British Empire collapsed from the mid-1950s, accelerated by Britain’s humiliation in the Suez debacle, two big things happened, as the extremely powerful ‘[overseas lobby](#)’ in the financial sector sought to protect its domestic wealth and influence.

The first was the appearance – at first only in minor ways – of an effectively unregulated financial space hosted for non-residents in the City of London (with the Bank of England’s blessing): a space that became known as the Euromarkets. This was a new business model for London: with no imperial network to sustain its position any longer, it set out on a path of seeking ‘competitive’ advantage in financial regulation in particular: offering escape

routes and bolt-holes in London for financial interests elsewhere. This was particularly attractive to Wall Street Banks that were constrained by the Glass-Steagall Act and various other regulatory protections at home; they flocked to London to escape regulations they didn't like at home. The Euromarkets – essentially a stateless, sparsely regulated financial market – grew spectacularly and spread quickly to other financial centres, rapidly becoming the cornerstone for the growth of London as a financial centre. In economic terms, this was a classic rent-seeking sector.

Second, at around the same time, when the British Empire collapsed, a few territories - mostly small islands in the Caribbean - remained partially under British control. The 14 British Overseas Territories, the last remnants of the British Empire, today contain seven recognised tax havens: Anguilla, Bermuda, British Virgin Islands, Cayman, Gibraltar, Montserrat and the Turks & Caicos. It also retains very significant sovereignty over the three Crown Dependencies of Jersey, Guernsey and the Isle of Man.

Another group, less closely connected to Britain, include the 16 British [Commonwealth Realms](#), where the Queen is the reigning constitutional monarch but is generally not involved in the day to day business of running government. These include recognised secrecy jurisdictions such as Antigua and Barbuda; Bahamas; Barbados; Belize; Grenada; St Kitts & Nevis; St. Lucia; and St. Vincent and Grenadines. Beyond the Realms sit a broader community of 54 British Commonwealth countries, a voluntary association that emerged from the British Empire, of which about half are recognised tax havens. Many of the island territories had long histories as pirate bolt-holes, and already hosted limited offshore finance industries during the later years of empire. These territories are partly in and partly outside the United Kingdom, providing a degree of flexibility that is extremely convenient for the City of London and for the tax havens: each has at different moments claimed their dependence or their independence, as it suits them. The section below explores this complex question.

The City of London and its overseas lobby soon discovered that this network of secrecy jurisdictions around the globe acted as a conduit for increasing volumes of capital – and the lucrative business of handling that capital – to London. Caribbean havens, handling mostly North and South American business (licit and illicit) were bringing a rising tide of fees to London institutions, which began developing offices in the outposts (while typically still doing much of the heavy lifting in banking, accounting and legal work in London.) The Crown Dependencies of Jersey, Guernsey and the Isle of Man focused more on financial activity in Europe, Middle East and North Africa and elsewhere. Other tax havens such as Hong Kong, now fully independent from Britain, retain a legacy of British businesses which continue to channel capital to the City of London. Newer havens continue to emerge, such as Mauritius which focuses on African and Asian business, as well as tentative but active efforts by City interests to set up havens in perhaps more surprising places such as Botswana, Gambia, Ghana and Kenya. In his book *Treasure Islands*, Nicholas Shaxson compares the British

offshore system to a ‘spider’s web’ which, while it may seem overly sinister, does effectively portray some core relationships.

For the satellite havens, more than for the UK itself (which was a large, complex democracy, where such legal provisions are harder to engineer,) secrecy has always been a key selling point. For decades the City of London Corporation has been a [key cheerleader](#) for these offshore havens, with successive Lord Mayors calling them “a core asset of the City” and a “fantastic adjunct” to the UK. Jersey Finance, the official marketing arm of the Jersey offshore financial centre, [states that](#):

“Jersey represents an extension of the City of London.”

Once again, the provision of financial secrecy, low or zero tax, tolerance of criminality, lax financial regulation and more, make these classic rent-seeking sectors.⁹

What is more, the power of the “Overseas Lobby” (or the “Offshore Lobby”) has also resulted in a good degree of political capture of the British establishment, along with parts of the media and even public opinion. In the words of renowned geographer Doreen Massey:

“‘Finance’, in the current era, is not just a sector of the economy; it is at the core of a new social settlement in which the fabric of our society and economy has been reworked.”

The political and economic dominance of the City of London has also contributed to the ‘financialisation’ of the British economy, and the crowding-out of many alternative economic sectors. The resulting damage has been called the ‘[Finance Curse](#)’, a phenomenon that can be compared in important ways – both in its outcomes and its drivers – to the Resource Curse afflicting countries that depend excessively on mineral resources like oil.

Britain’s dependent – or independent - offshore satellites

The three Crown Dependencies (CDs) and 7 of the 14 Overseas Territories (OTs) form the core of Britain’s offshore satellite network, and as mentioned they have a history of claiming to be independent from, or dependent upon, Britain, as it suits them.

Each has a fair degree of internal self-government and independent politics, but the United Kingdom has wide powers to intervene in both the CDs and OTs. The Overseas Territories, described as “the remnants of the British Empire”, elected to remain connected to the UK while other parts of the Empire went their own way. The CDs never were colonies of the UK.

Crucially, Britain ultimately has the power to knock down their tax haven legislation, including their secrecy facilities. As one BVI legal expert put it in an interview with TJN, London has “complete power of disallowance” of legislation. However, there are subtleties involved, as the section below explains.

These jurisdictions all have the UK’s Queen as head of state: Britain generally appoints their governor or equivalent (though they typically have their own elected governments too) and the UK oversees various responsibilities such as foreign relations, defence and good governance. The precise nature of the relationship between the UK and its OTs and CDs differs from jurisdiction to jurisdiction. The laws by which the UK exercises control include Acts of Parliament, Orders in Council, letters of entrustment, delegated authorities and consultation requirements, which are unique to each.

The United Kingdom ultimately has the legislative and administrative power to exercise authority and control over both groups of jurisdictions. In practice, it has usually taken a non-interventionist ‘light touch’ approach to its intervention. This is not a matter of constitutional law, but one of political choice by the UK. The UK does have the power to veto this legislation, whether relating to secrecy or not.

Second, the United Kingdom in general has responsibility for the defence, international relations and ‘good governance’ of the CDs and OTs. The phrase ‘good governance’ is obviously a broad one and could (and should) be taken to include secrecy legislation and its effect on other jurisdictions, in practice the United Kingdom has chosen to interpret this phrase narrowly and generally to focus only on the domestic impacts (which, in the case of a secrecy jurisdiction, are decidedly not the point at all since the impacts of tax havens spill over into other countries.) As Christian Aid and the IF campaign note in a [2013 report](#) on the OTs:

“Should the UK not extend its responsibility for good governance towards the impact that the BOT and CD have beyond their borders?”

Again, the UK’s approach here is not a matter of constitutional law but one of political choice. (In addition, Britain’s responsibility for international relations could be considered from a rather similar perspective.)

Third, the OTs and CDs have slightly different relationships with the UK. The CDs’ relationship is managed through the UK Ministry of Justice, while the OTs are managed through the Foreign Office. Although, it is sometimes argued that the UK has greater powers to intervene in the OTs than in the CDs, where the role of lieutenant governor (appointed by the Queen) has become, in practice, more formal than substantive, the power to appoint other senior officials in Guernsey and Jersey, including the Bailiffs, Deputy Bailiffs and attorney-generals rests with the queen. The Queen’s Privy Council also retains the power to

veto legislative measures proposed by the domestic political assemblies of the CDs. Furthermore, as TJN's director John Christensen, a former economic adviser to the government of Jersey, observes: "the informal links between Saint Helier and Whitehall are as important as the formal links; never underestimate the power of a raised eyebrow at the Treasury or Bank of England."

All of the CDs and 13 of the 14 OTs are outside the European Union. The CDs are part of the EU's customs territory, but other EU legislation does not apply. Gibraltar is a member of the EU, but under a complex special relationship.

Overseas Territories

All seven of the 14 overseas territories that are recognised secrecy jurisdictions – Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Montserrat and the Turks & Caicos – have governors appointed by the British monarch, whose main role is to formally make senior political appointments. The governors report to the UK's Foreign Secretary and have responsibility for defence, external affairs, internal security (including the police), public service (including the appointment, discipline and removal of public officers) and the administration of justice. The Governor can disallow legislation. A June 2012 [white paper](#) from the UK Foreign Office on the Overseas Territories states:

The UK, the Overseas Territories and the Crown Dependencies form one undivided Realm, which is distinct from the other States of which Her Majesty The Queen is monarch. Each Territory has its own Constitution and its own Government and has its own local laws. **As a matter of constitutional law the UK Parliament has unlimited power to legislate for the Territories.** ([p14](#))

Our emphasis added. Britain's decision in 2009 to intervene in and impose direct rule on the Turks & Caicos Islands dramatically highlighted its powers, which mostly remain hidden. Various other historical examples exist, however: such as the Orders in Council used in 1991 to outlaw the death penalty, and in 2000 to decriminalise homosexual acts between consenting adults in private.

Crown Dependencies

The Crown Dependencies are not part of the UK, but are internally self-governing dependencies of the Crown with their own directly elected legislative assemblies, administrative, fiscal and legal systems and their own courts of law.¹⁰ However, the Queen is head of state, represented by the lieutenant-governor. A [parliamentary answer](#) in May 2000 stated:

“The Crown is ultimately responsible for the good government of the Crown Dependencies. This means that, in the circumstances of a grave breakdown or failure in the administration of justice or civil order, the residual prerogative power of the Crown could be used to intervene in the internal affairs of the Channel Islands and the Isle of Man.”

In 1973 a Royal Commission on the Constitution, the so-called Kilbrandon report, which is still considered the most authoritative report on the relationship, stated:

“The United Kingdom Government are responsible for defence and international relations of the Islands, and the Crown is ultimately responsible for their good government.

...

Parliament does have power to legislate for the Island without their consent on any matter in order to give effect to an international agreement”

...

The United Kingdom Parliament has the power to legislate for the Islands, but it would exercise that power without their agreement in relation to domestic matters only in most exceptional circumstances.”

In November 2010 the United Kingdom government [stated](#) that

“The independence and powers of self-determination of the Crown Dependencies are, in our view, only to be set aside in the most serious circumstances.”

Those circumstances, it continued, included “a fundamental breakdown in public order or of the rule of law, endemic corruption in the government or the judiciary or other extreme circumstance.”

Once again, however, this is ultimately a political decision by the UK: it could choose to take a different approach. In light partly of the large economic interests at stake, however, it has chosen not to.

In summary, the United Kingdom bears a large share of the responsibility for the secrecy legislation of both the Crown Dependencies and Overseas Territories.

Summary: the United Kingdom as a secrecy jurisdiction today

The UK’s status as a secrecy jurisdiction and as a tax haven stems from a broad environment of laxity, whether on tax, transparency or financial regulation. The various strands of the UK’s tax haven status are as follows:

- The network of partly British ‘satellite’ tax havens, as described above.
- Lax financial regulation. Britain’s ‘light-touch’ regulation, described as ‘tragic’ by U.S. Treasury Official Tim Geithner in June 2011¹¹, and a clear factor in the latest global financial crisis, is too multi-faceted to go into in great detail here. The Euromarkets described above are a major part of the picture, as evidenced in a 2012 *Financial Times* article that begins “US lawmakers and regulators have attacked London as a source of financial crises” and quotes a top U.S. regulator Gary Gensler as fretting about “another London Loophole.”¹²
- The “domicile” rule for wealthy individuals. The UK has an unusual concept of “domicile,” set up during the years of Empire to allow expatriate Brits resident in the colonies to claim they were still “domiciled” in the UK (and that foreigners resident elsewhere remained “domiciled” elsewhere, so they could never become fully British.) This definition was later applied in the tax field, and is now used to allow those resident in the UK but “domiciled” overseas to claim special tax status. These UK resident ‘non-doms,’ which include wealthy Greek ship-owners, American bankers and Russian oligarchs, are only taxed on their income which is sourced from inside the UK: income which arises abroad goes untaxed. (Non-doms, of course, simply shift their sources of income overseas to avoid tax, or find ruses to get their money to the UK untaxed.) Ordinary UK residents who are also domiciled in the UK are, by contrast, taxed on their worldwide income.
- The City of London Corporation itself serves as something of an offshore island within the UK nation state, as explained above, though this does not have notable tax or secrecy aspects.¹³
- The new UK coalition government is introducing legislation which makes it far more attractive for large multinationals to set up headquarters in the UK, by allowing them to exempt foreign branch earnings from tax: a concession to big businesses that only Switzerland mirrors. One observer has described this as a “corporate coup d’état¹⁴” and another called it “the most fundamental shift in the corporate tax base since . . . 1914.¹⁵” It has been matching this by slashing funding for those parts of the revenue authorities that focus on large-scale corporate tax avoidance and evasion, while beefing up surveillance of smaller businesses.¹⁶ This is classic tax haven behaviour.

In September 2011 China and the UK [agreed](#) to start developing the City of London, via its age-old Hong Kong links, as an offshore Renminbi trading centre. Given how central the offshore Eurodollar markets were to the rebirth of the City of London from the 1960s onwards, it is quite possible that an offshore Renminbi market [could create](#) a whole new lease of life for the City of London.

From 2012 and 2013, amid widespread public protests in the UK about corporate tax avoidance and about the UK's role in tax haven activity, the UK government promised to lead a crackdown on tax evasion and tax havens. On the secrecy side, it has made some limited progress, extracting some concessions from its satellite tax havens on information exchange and corporate secrecy, and using its chairmanship of the G20 to extract vague statements on reform. On the corporate tax avoidance side, however, the UK has been sailing in exactly the opposite direction, piously promising to crack down on unsavoury practices while aggressively promoting the use of British-linked tax havens by multinational businesses. The double standards are highlighted in a September 2013 [BBC-linked special report](#) on the subject to talk of a 'shadow tax system' in the UK:

The result is one tax system for the privileged and another for everybody else. It is a "shadow tax system" that extends not just to corporations but the richest individuals . . . The shadow tax system makes a mockery of government claims to be tackling tax avoidance. . . it is also betraying the worldwide anti-tax avoidance effort by creating offshore bolt-holes for the world's multinationals.

Further reading: Britain in the global offshore secrecy system

- [Treasure Islands: Tax Havens and the Men Who Stole the World](#), Nicholas Shaxson, 2011.
- [Britain's Second Empire](#), Professor Ronen Palan, New Left Project, August 2012.
- [A Tale of Two Londons](#), Vanity Fair, April 2013
- [Well, how did we get here?](#) Robin Ramsay, Lobster magazine. A look at Britain's post-1945 financial sector policies.
- [The Great Tax Robbery: how Britain became a tax haven for fat cats and big business](#), Richard Brooks, 2013. By a former UK corporate tax inspector, and the UK's leading investigative journalist in this field.
- [Invested Interests: The UK's Overseas Territories' hidden role in developing countries](#). Christian Aid and the IF campaign, 2013
- Chapters 4 ("The Origins of Tax Havens") and 5 ("The British Empire Strikes Back") in [Tax Havens: How Globalization Really Works](#), Ronen Palan, Richard Murphy, Christian Chavagneux, 2010.

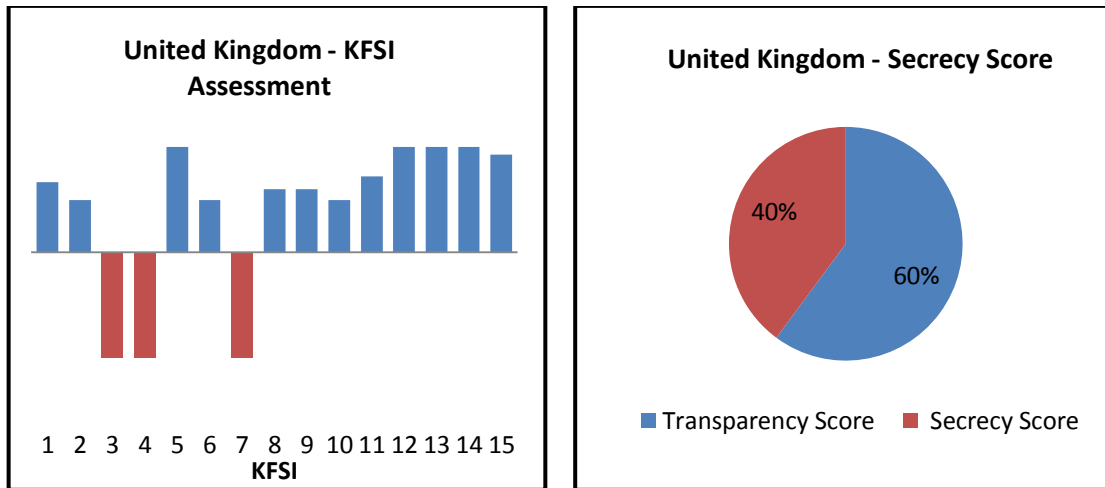
Next steps for United Kingdom

United Kingdom's relatively mild 40 per cent secrecy score underplays the fact that it must still make progress in offering satisfactory financial transparency, notably by working harder to bring its Crown Dependencies and Overseas Territories into line. See part 2 below for details of the United Kingdom's particular shortcomings on transparency. See this link

<http://www.financialsecrecyindex.com/kfsi> for an overview of how each of these shortcomings can be fixed.

Part 2: Secrecy Scores

The secrecy score of 40 per cent for the United Kingdom has been computed by assessing the jurisdiction’s performance on the 15 Key Financial Secrecy Indicators, listed below.



The numbers on the horizontal axis of the bar chart on the left refer to the Key Financial Secrecy Indicators (KFSI). The presence of a blue bar indicates a positive answer, as does blue text in the KFSI list below. The presence of a red bar indicates a negative answer as does red text in the KFSI list. Where the jurisdiction’s performance partly, but not fully complies with a Key Financial Secrecy Indicator, the text is coloured violet in the list below (combination of red and blue).

This paper draws on key data collected on the United Kingdom. Our data sources include regulatory reports, legislation, regulation and news available at 31.12.2012¹⁷. The full data set is available [here](#)¹⁸. Our assessment is based on the 15 Key Financial Secrecy Indicators (KFSIs, below), reflecting the legal and financial arrangements of the United Kingdom. Details of these indicators are noted in the following table and all background data can be found on the [Financial Secrecy Index website](#)¹⁹.

The Key Financial Secrecy Indicators and the performance of the United Kingdom are:

TRANSPARENCY OF BENEFICIAL OWNERSHIP – United Kingdom	
1.	Banking Secrecy: Does the jurisdiction have banking secrecy? United Kingdom does not adequately curtail banking secrecy

2.	Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented? United Kingdom partly discloses or prevents trusts and private foundations
3.	Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies? United Kingdom does not maintain company ownership details in official records
KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – United Kingdom	
4.	Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for less than US\$10/€10? United Kingdom does not require that company ownership details are publicly available online
5.	Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for a fee of less than US\$10/€10? United Kingdom requires that company accounts be available on public record
6.	Country-by-Country Reporting: Are all companies required to comply with country-by-country financial reporting? United Kingdom partly requires country-by-country financial reporting by some companies
EFFICIENCY OF TAX AND FINANCIAL REGULATION – United Kingdom	
7.	Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents? United Kingdom does not require resident paying agents to tell the domestic tax authorities about payments to non-residents
8.	Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit? United Kingdom partly uses appropriate tools for efficiently analysing tax related information

9.	<p>Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?</p> <p>United Kingdom partly avoids promoting tax evasion via a tax credit system</p>
10.	<p>Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?</p> <p>United Kingdom partly allows harmful legal vehicles</p>
INTERNATIONAL STANDARDS AND COOPERATION – United Kingdom	
11.	<p>Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?</p> <p>United Kingdom partly complies with international anti-money laundering standards</p>
12.	<p>Automatic Information Exchange: Does the jurisdiction participate fully in Automatic Information Exchange such as the European Savings Tax Directive?</p> <p>United Kingdom participates fully in Automatic Information Exchange</p>
13.	<p>Bilateral Treaties: Does the jurisdiction have at least 46 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention?</p> <p>As of 31 May, 2012, United Kingdom had at least 46 bilateral tax information sharing agreements complying with basic OECD requirements</p>
14.	<p>International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency?</p> <p>United Kingdom has ratified relevant international treaties relating to financial transparency</p>
15.	<p>International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues?</p> <p>United Kingdom partly cooperates with other states on money laundering and other criminal issues</p>

¹ Ranked by GDP, see IMF data: <http://bit.ly/1dzHRgz>; 15.07.2013.

² The term “City of London” has two main (and distinct) meanings. In popular discourse, it is often used to refer generally to UK financial services. More specifically, it also is sometimes used to refer to the so-called Square Mile, a 1.2 square mile slab of prime central London real estate whose municipal authority, the City of London Corporation, is the world’s oldest municipal authority, as well as an institutional and official lobbyist for the UK financial services sector and for financial liberalisation more generally. For more details, see cityoflondon.gov.uk, or “Griffin,” the final chapter of [Treasure Islands: Tax Havens and the Men Who Stole the World, Nicholas Shaxson, 2011](#).

³ Several UK politicians and academics over the years have made this explicit comparison - See Treasure Islands, also Karel Williams, footnote to be filled in <http://treasureislands.org/report-city-of-london-is-like-a-medieval-italian-city-state/>

⁴ See The City: A Guide to London’s Global Financial Services, Richard Roberts, The Economist, Second Edition, chapter “from the Royal Exchange to Canary Wharf.”

⁵ British Imperialism, quoted in Shaxson 2011, p261, UK edition: <http://treasureislands.org/>.

⁶ Calcutta Jute Mills and Cesena Sulphur mines; see Picciotto, Sol 1992: International Business Taxation, Weidenfeld and Nicolson.

⁷ This was obviously helpful to the UK: a number of overseas-registered companies were effectively controlled in London; this meant that the UK government got to tax them.

⁸ According to Picciotto, cited in Palan, Chavagneux, Murphy p113, “The decision in Egyptian Delta Land created a loophole which in a sense made Britain a tax haven”

⁹ See <http://treasureislands.org/adair-turner-answer-to-financial-failure-tax-banks/> for more details on the City’s ability to extract rents.

¹⁰ It is quite hard to define the CDs precisely. The UK Justice Secretary, asked to explain their constitutional position, [replied](#): “It is quite complicated to explain that. It is quite complicated to explain it here to the cognoscenti, it is still more complicated to explain it to perhaps abroad or to international organisations.”

¹¹ <http://treasureislands.org/has-tim-geithner-read-treasure-islands/>

¹² See numerous examples cited on our website [here](#).

¹³ For full details on this, see Treasure Islands, as well as the CRESC report

<http://treasureislands.org/report-city-of-london-is-like-a-medieval-italian-city-state/>

¹⁴ <http://www.guardian.co.uk/commentisfree/2011/feb/07/tax-city-heist-of-century?INTCMP=SRCH>

¹⁵

<http://www.publications.parliament.uk/pa/cm201011/cmselect/cmtreasy/memo/taxpolicy/m46.htm>

¹⁶ <http://arctheunion.wordpress.com/2011/06/16/hmrc-lets-big-business-off-the-hook-says-union-2/>

¹⁷ With the exception of KFSI 13 for which the cut-off date is 31.05.2013. For more details, look at the endnote number 2 in the corresponding KFSI-paper here:

<http://www.financialsecrecyindex.com/PDF/13-Bilateral-Treaties.pdf>.

¹⁸ That data is available here: <http://www.financialsecrecyindex.com/database/menu.xml>.

¹⁹ <http://www.financialsecrecyindex.com>.