

KEY FINANCIAL SECRECY INDICATORS

Key Financial Secrecy Indicator 7: Public Company Accounts

What is measured?

This indicator considers whether a jurisdiction requires all available types of company with limited liability to file their annual accounts with a governmental authority/administration and to make them accessible online for free or at a maximum cost of US\$ 10, € 10 or £ 10.¹

The secrecy scoring matrix is shown in Table 1, with full details of the assessment logic given in Table 4 below.

Table 1: Secrecy Scoring Matrix KFSI 7

Regulation	Secrecy Score [100% = full secrecy; 0% = full transparency]
<u>Not online (at small cost)</u> Companies do not always publish their annual accounts online for a cost of up to 10€/US\$/GBP, or unknown.	100%
<u>Online at small cost</u> All types of companies file their annual accounts and publish them online at a cost of up to 10€/US\$/GBP.	50%
<u>Online for free, but not in open data</u> All types of companies file their annual accounts and publish them online for free, but not in open data format.	25%
<u>Online, free & in open data</u> All types of companies file their annual accounts and publish them online for free and in open data format.	0%

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 conforming to open data requirements. 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.²


Other requirements from an open data perspective for obtaining a zero secrecy score relate 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 by open corporates.³ Only if there was an open license or no license for the reuse of the data, and if the data was freely available for download, we considered it as open data.

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.⁴

We performed a random search on each of the relevant corporate registries to ensure that the accounts are effectively available and that technical problems do not persistently block access. A precondition for a reduction of the secrecy score is that all available types of companies with limited liability are required to keep accounting records, including underlying documentation.

We have drawn this information from five principal sources⁵: First, the Global Forum peer reviews⁶ have been used to find out whether a company'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, Ocra.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 company registry websites have been consulted. In that case, fifth, the open company data index published by open corporates has been consulted as well.⁷

Following the weakest link principle⁸ for our FSI research, a precondition for reducing the secrecy score in this component is that all available types of companies 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 companies, we assume that anyone intending to conceal information from public view will simply opt for those 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 4 at the end of this document and search for the corresponding info IDs (**IDs 188, 189 and 201**) in the database report of the respective jurisdiction.

Why is this 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, public accounts allow to assess potential risks when trading with limited liability companies. Public accounts thus help to protect the legitimate interests of a wide range of actors. These actors include consumers and clients, business partners and creditors, as well as public officials dealing with public procurement and public private partnerships.

Second, in times of financial globalisation, financial regulators, tax authorities and anti-money laundering agencies 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. Journalists and civil society groups thus have a legitimate reason and need for accessing company accounts in order to assess them on matters of fair trade, environmental protection, the realisation of human rights and similar charitable purposes. This can be done only when accounts are available for public scrutiny.

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 resultant transparency would severely inhibit transfer mispricing 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 8](#)).

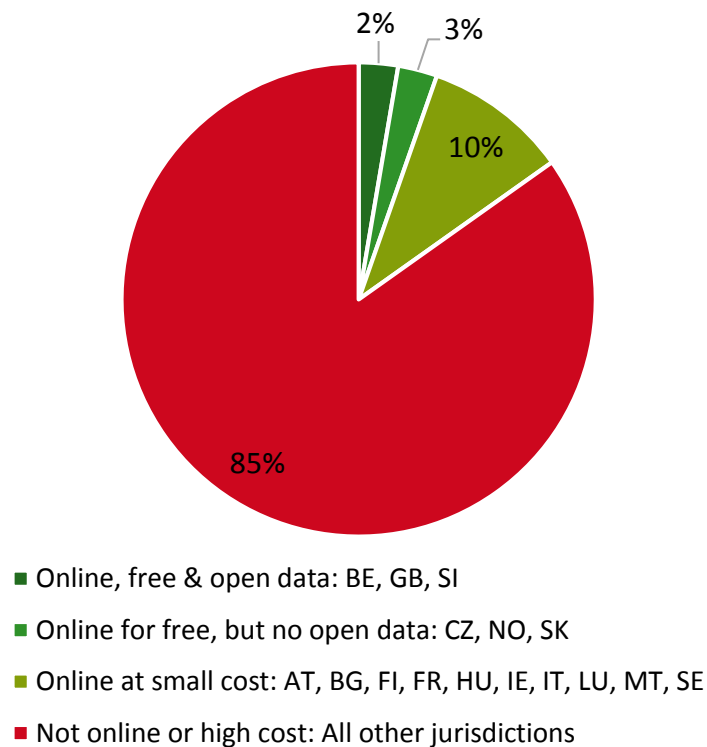
All underlying data can be accessed freely in the [FSI database](#)  (IDs 188, 189 and 201).

Results Overview

Table 2: Public Company Accounts Overview

	Secrecy Score	Number of Jurisdictions
<p><u>Not online (at small cost)</u></p> <p>Companies do not always publish their annual accounts online for a cost of up to 10€/US\$/GBP, or unknown.</p>	100%	95
<p><u>Online at small cost</u></p> <p>All types of companies file their annual accounts and publish them online at a cost of up to 10€/US\$/GBP.</p>	50%	11
<p><u>Online for free, but not in open data</u></p> <p>All types of companies file their annual accounts and publish them online for free, but not in open data format.</p>	25%	3
<p><u>Online, free & in open data</u></p> <p>All types of companies file their annual accounts and publish them online for free and in open data format.</p>	0%	3

Graph 1: Public Company Accounts Overview



KFSI 7: PUBLIC COMPANY ACCOUNTS

Table 3: Public Company Accounts Secrecy Scores

Country Name	Score	ISO	Country Name	Score	ISO
Andorra	1	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	0,5	LU
Austria	0,5	AT	Macao	1	MO
Bahamas	1	BS	Macedonia	1	MK
Bahrain	1	BH	Malaysia (Labuan)	1	MY
Barbados	1	BB	Maldives	1	MV
Belgium	0	BE	Malta	0,5	MT
Belize	1	BZ	Marshall Islands	1	MH
Bermuda	1	BM	Mauritius	1	MU
Bolivia	1	BO	Mexico	1	MX
Botswana	1	BW	Monaco	1	MC
Brazil	1	BR	Montenegro	1	ME
British Virgin Islands	1	VG	Montserrat	1	MS
Brunei	1	BN	Nauru	1	NR
Bulgaria	0,5	BG	Netherlands	1	NL
Canada	1	CA	New Zealand	1	NZ
Cayman Islands	1	KY	Norway	0,25	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	0,25	CZ	Russia	1	RU
Denmark	1	DK	Samoa	1	WS
Dominica	1	DM	San Marino	1	SM
Dominican Republic	1	DO	Saudi Arabia	1	SA
Estonia	0,5	EE	Seychelles	1	SC
Finland	0,5	FI	Singapore	1	SG
France	0,5	FR	Slovakia	0,25	SK
Gambia	1	GM	Slovenia	0	SI
Germany	1	DE	South Africa	1	ZA
Ghana	1	GH	Spain	1	ES
Gibraltar	1	GI	St Kitts and Nevis	1	KN
Greece	1	GR	St Lucia	1	LC
Grenada	1	GD	St Vincent & Grenadines	1	VC
Guatemala	1	GT	Sweden	0,5	SE
Guernsey	1	GG	Switzerland	1	CH
Hong Kong	1	HK	Taiwan	1	TW
Hungary	0,5	HU	Tanzania	1	TZ
Iceland	1	IS	Thailand	1	TH
India	1	IN	Trinidad & Tobago	1	TT
Indonesia	1	ID	Turkey	1	TR
Ireland	0,5	IE	Turks & Caicos Islands	1	TC
Isle of Man	1	IM	Ukraine	1	UA
Israel	1	IL	United Arab Emirates (Dubai)	1	AE
Italy	0,5	IT	United Kingdom	0	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 4: Assessment Logic

Info_ID	Text_Info_ID	Answers (Codes applicable for all questions: -2: Unknown; -3: Not Applicable)	Valuation % Secrecy
188	Accounting data required?	YN	0: 100%; 1: 50%; 2: 25%; 3: 0% (only if answers re accounting data and submission are not "no")
189	Accounts submitted to public authority?	YN	
201	Online Availability of Information: On public record (up to 10 €/US\$/GBP): Accounts?	0: No, company accounts are not always online (up to 10 €/US\$); 1: Yes, company accounts are always online but only at a cost of up to 10€/10\$; 2: Yes, company accounts are always online for free, but not in open data format; 3: Yes, company accounts are always online for free & in open data format.	

¹ We believe this is 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 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.

³ <http://registries.opencorporates.com/>; 30.8.2017.

⁴ 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.

⁵ To see the sources we are using for particular jurisdictions please check the corresponding information in our database, available at www.financialsecrecyindex.com/database/menu.xml.

⁶ 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/>; 15.5.2015

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

⁸ 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.