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G20 Research Group
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at the National Research University Higher School of Economics, Moscow
present the

2014 Brisbane G20 Summit Interim Compliance Report

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“The University of Toronto ... produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit ... I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what.”

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

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13. Financial Regulation

“We commit to improve the transparency of ... beneficial ownership by implementing the G20 High-Level Principles on Beneficial Ownership Transparency.”

G20 Brisbane Summit Leaders' Communiqué

Assessment

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil	-1		
Canada			+1
China			+1
France			+1
Germany		0	
India		0	
Indonesia		0	
Italy			+1
Japan	-1		
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States		0	
European Union		0	
Average		+0.30	

Background

The G20 has considered the transparency of beneficial ownership of legal persons and arrangements as a high priority starting from the St Petersburg Summit, as preventing the misuse of these entities for illicit purposes such as corruption, tax evasion and money laundering supports the core G20 objective of increasing growth through private sector investment.

In the G20 St Petersburg Declaration leaders encouraged “all countries to tackle the risks raised by the opacity of legal persons and legal arrangements.”¹⁴⁵⁵ They also called on finance ministers to update them by the 2014 G20 summit “on the steps taken to meet FATF [Financial Action Task Force] standards regarding the beneficial ownership of companies and other legal arrangements such as trusts by G20 countries leading by example.”¹⁴⁵⁶

¹⁴⁵⁵ The G20 St. Petersburg Summit Leader’s Declaration, 6 September 2013. Date of Access: 19 January 2015. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html>.

¹⁴⁵⁶ The G20 St. Petersburg Summit Leader’s Declaration, 6 September 2013. Date of Access: 19 January 2015. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html>.

At their meeting in Sydney in February 2014, G20 finance ministers and central bank governors asked the Anti-Corruption Working Group (ACWG) for an update by their April meeting on concrete actions that the G20 can take to lead by example in meeting the FATF beneficial ownership standards.¹⁴⁵⁷

At the meeting in Sydney the G20 ACWG agreed that G20 members will lead by example by developing G20 High-Level Principles on Beneficial Ownership Transparency that will set out concrete measures they will take to prevent the misuse and ensure transparency of legal persons and legal arrangements.¹⁴⁵⁸

Commitment Features

The commitment requires G20 members to improve the transparency of legal persons and arrangements in line with the G20 High-Level Principles on Beneficial Ownership Transparency.

The following set of principles, building on existing international standards, and allowing “sufficient flexibility” for G20 members’ “different constitutional and legal frameworks,” were adopted at the Brisbane Summit:

1. Countries should have a definition of ‘beneficial owner’ that captures the natural person(s) who ultimately owns or controls the legal person or legal arrangement.
2. Countries should assess the existing and emerging risks associated with different types of legal persons and arrangements, which should be addressed from a domestic and international perspective.
 - a. Appropriate information on the results of the risk assessments should be shared with competent authorities, financial institutions and designated non-financial businesses and professions (DNFBPs¹⁴⁵⁹) and, as appropriate, other jurisdictions.
 - b. Effective and proportionate measures should be taken to mitigate the risks identified.
 - c. Countries should identify high-risk sectors, and enhanced due diligence could be appropriately considered for such sectors.
3. Countries should ensure that legal persons maintain beneficial ownership information onshore and that information is adequate, accurate, and current.
4. Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons. Countries could implement this, for example, through central registries of beneficial ownership of legal persons or other appropriate mechanisms.
5. Countries should ensure that trustees of express trusts maintain adequate, accurate and current beneficial ownership information, including information of settlors, the protector (if any) trustees and beneficiaries. These measures should also apply to other legal arrangements with a structure or function similar to express trusts.
6. Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units)

¹⁴⁵⁷ G20 Finance Ministers and Central Bank Governors Communiqué, 23 February 2014. Date of Access: 19 January 2015. <http://www.g20.utoronto.ca/2014/2014-0223-finance.html>.

¹⁴⁵⁸ G20 High-Level Principles on Beneficial Ownership Transparency, 16 November 2014. Date of Access: 19 January 2015. http://www.g20.utoronto.ca/2014/g20_high-level_principles_beneficial_ownership_transparency.pdf.

¹⁴⁵⁹ As identified by the Financial Action Task-force

have timely access to adequate, accurate and current information regarding the beneficial ownership of legal arrangements.

7. Countries should require financial institutions and DNFBBs, including trust and company service providers, to identify and take reasonable measures, including taking into account country risks, to verify the beneficial ownership of their customers.
 - a. Countries should consider facilitating access to beneficial ownership information by financial institutions and DNFBBs.
 - b. Countries should ensure effective supervision of these obligations, including the establishment and enforcement of effective, proportionate and dissuasive sanctions for non-compliance.
8. Countries should ensure that their national authorities cooperate effectively domestically and internationally. Countries should also ensure that their competent authorities participate in information exchange on beneficial ownership with international counterparts in a timely and effective manner.
9. Countries should support G20 efforts to combat tax evasion by ensuring that beneficial ownership information is accessible to their tax authorities and can be exchanged with relevant international counterparts in a timely and effective manner.
10. Countries should address the misuse of legal persons and legal arrangements which may obstruct transparency, including:
 - a. prohibiting the ongoing use of bearer shares and the creation of new bearer shares, or taking other effective measures to ensure that bearer shares and bearer share warrants are not misused; and
 - b. taking effective measures to ensure that legal persons which allow nominee shareholders or nominee directors are not misused.¹⁴⁶⁰

G20 members also agreed that, as a next step, they would take concrete action and share in writing measures to be taken to implement these principles and improve the effectiveness of their legal, regulatory and institutional frameworks with respect to beneficial ownership transparency.¹⁴⁶¹

Overall, the principles provide for actions across two dimensions. First, G20 members should change their domestic legal, regulatory and institutional frameworks to address the issue of beneficial ownership (Principles 1, 3-7, 10). Second, they should ensure effective cross-country cooperation, including information exchange on beneficial ownership with international counterparts (Principle 9). Some of the Principles refer to both areas (Principles 2, 8).

Thus, to achieve full compliance the G20 member must take actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving their domestic legal, regulatory and institutional frameworks and strengthening international cooperation with respect to beneficial ownership transparency.

¹⁴⁶⁰ G20 High-Level Principles on Beneficial Ownership Transparency, 16 November 2014. Date of Access: 19 January 2015. http://www.g20.utoronto.ca/2014/g20_high-level_principles_beneficial_ownership_transparency.pdf.

¹⁴⁶¹ G20 High-Level Principles on Beneficial Ownership Transparency, 16 November 2014. Date of Access: 19 January 2015. http://www.g20.utoronto.ca/2014/g20_high-level_principles_beneficial_ownership_transparency.pdf.

Scoring Guidelines

-1	Member does not take any actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency.
0	Member takes actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks, OR strengthening international cooperation.
+1	Member takes actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving its domestic legal, regulatory and institutional frameworks, AND strengthening international cooperation.

Argentina: 0

Argentina has partially complied with the commitment on financial regulation.

Argentina has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

Argentina's current civil law already has a definition of beneficial owner and regulates relations of ownership in this sphere.¹⁴⁶²

The Financial Information Union (FIU, an autonomous body within the Ministry of Justice and Human Rights of Argentina) takes action to mitigate risks associated with different types of legal persons and arrangements. For example, on 15 February 2015, the FIU fined several members of the board of directors of Bainter S.a. De Ahorro Para Fines Determinados for not being registered as the beneficial owners.¹⁴⁶³

On 1 January 2016, the new Civil and Commercial Code of the Nation will come into force after passing by the House of Representatives. The regulation of beneficial ownership will become deeper and more universal in the new version of the document in comparison with the previous code.¹⁴⁶⁴

However, no evidence of Argentina's actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation has been registered during the compliance period.

Argentina has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks, but failed to strengthen international cooperation. Thus, it is awarded a score of 0.

Analyst: Anton Markov

Australia: +1

Australia has fully complied with the commitment on beneficial ownership transparency.

¹⁴⁶² Código Civil de la Nación, Centro de Documentación e Información del Ministerio de Economía y Finanzas Públicas. Date of Access: 7 April 2015. <http://www.infoleg.gov.ar/infolegInternet/anexos/105000-109999/109481/texact.htm>.

¹⁴⁶³ La UIF Multó a una Sociedad de Ahorro por no Estar Registrada, Unidad de Información Financiera del Ministerio de Justicia y Derechos Humanos. Date of Access: 7 April 2015. <http://www.uif.gov.ar/uif/index.php/en/noticias/671-la-uif-multo-a-una-sociedad-de-ahorro-por-no-estar-registrada>.

¹⁴⁶⁴ Código Civil y Comercial de la Nación, Sistema Argentino de Información Jurídica del Ministerio de Justicia y Derechos Humanos. Date of Access: 7 April 2015. http://www.infojus.gob.ar/docs-f/codigo/Codigo_Civil_y_Comercial_de_la_Nacion.pdf.

The definition of beneficial owner is contained in the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Rules Instrument 2007, last amended on 23 January 2015. This document requires reporting entities to have an AML/CTF programs with appropriate mechanisms of collection and verification of beneficial ownership information and risk-assessment mechanisms.¹⁴⁶⁵

On 20 November 2014, Australian Transaction Reports and Analysis Centre (AUSTRAC) cancelled the registration of AVSForex Pty Ltd, a Melbourne-based remitter company, following the conviction of its sole director for money laundering and allegations of the involvement of “serious and organized crime.” AUSTRAC worked collaboratively with the Australian Federal Police, Australian Crime Commission, Eligo National Taskforce and Indian Enforcement Directorate to curb illegal activities by international syndicate.¹⁴⁶⁶

During the compliance period Australia has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving their domestic legal, regulatory and institutional frameworks as well as strengthening international cooperation with respect to beneficial ownership transparency. Thus, it has been awarded a score of +1.

Analyst: Andrei Sakharov

Brazil: –1

Brazil has failed to comply with the commitment on beneficial ownership transparency.

No actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency taken by Brazil have been registered during the compliance period. Thus, it is awarded a score of –1.

Analyst: Sergey Burok

Canada: +1

Canada has fully complied with the commitment on financial regulation.

Canada has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

On 22 December 2014, the guidance on enhanced financial accounts information reporting was issued. The guidance is intended to provide clarity to help financial institutions and their advisors understand and comply with their due diligence and reporting obligations.¹⁴⁶⁷

Canada has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation.

On 25 January 2015, the convention between the government of the United Kingdom of Great Britain and Northern Ireland and the government of Canada for the avoidance of double taxation

¹⁴⁶⁵ Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1), Australian Government ComLaw 23 January 2015. Date of access 14 May 2015. <http://www.comlaw.gov.au/Details/F2015C00096>.

¹⁴⁶⁶ Further action to dismantle international money laundering syndicate, Australian Transaction Reports and Analysis Centre 20 November 2014. Date of access: 14 May 2015. <http://www.austrac.gov.au/media/media-releases/further-action-dismantle-international-money-laundering-syndicate>.

¹⁴⁶⁷ Guidance on enhanced financial accounts information reporting, Canada Revenue Agency 22 December 2014. Access Date: 10 May 2015. <http://www.cra-arc.gc.ca/tx/nnrdsnts/nhncdrprtng/gdnc-eng.pdf>.

and the prevention of fiscal evasion with respect to taxes on income and capital gains was amended. The convention provides for information exchange in the area of beneficial ownership.¹⁴⁶⁸

During the compliance period Canada has acted to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks and to strengthening international cooperation. Thus, it has been awarded a score of +1.

Analyst: Vitaly Nagornov

China: +1

China has fully complied with the commitment on financial regulation.

China has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

On 1 December 2014, Chinese taxation authorities pledged to expand supervision of multinational companies to crack down on tax avoidance. Zhang Zhiyong, deputy director of the State Administration of Taxation, said that China would comprehensively monitor the profit levels of foreign companies, because some companies may erode a country's tax base by using a number of schemes to shift profits across borders, taking advantage of tax rates that are lower than in the country where they earn the profits. China will coordinate it with other countries. Zhang also said that China will actively engage in global cooperation to fight illicit activities and tax avoidance schemes.¹⁴⁶⁹

China has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation.

On 26 March 2015, at the invitation of Chinese President Xi Jinping, Indonesian President Joko Widodo visited China and attended the Boao Forum for Asia Annual Conference. During the visit the two sides agreed to actively realize taxation cooperation, fight international tax evasion and help developing countries and low-income countries to build up capabilities in terms of taxation and related administration, to create favourable taxation environment for investment, economic cooperation and trade between China and Indonesia. The two sides signed the Protocol and Memorandum of Understanding on the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, providing for, inter alia, cooperation in the area of beneficial ownership information exchange.¹⁴⁷⁰

¹⁴⁶⁸ [TS No.6/2015] UK/Canada: Protocol Amending the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains, signed at London on 8 September 1978, as Amended, UK Government 27 January 2015. Access Date: 10 May 2015.

<https://www.gov.uk/government/publications/ts-no62015-ukcanada-protocol-amending-the-convention-for-the-avoidance-of-double-taxation-and-the-prevention-of-fiscal-evasion-with-respect-to-t>.

¹⁴⁶⁹ China to prevent foreign companies from avoiding tax, the State Council of the People's Republic of China 1 December 2014. Date of Access: 21 April 2015.

http://english.gov.cn/state_council/ministries/2014/12/02/content_281475018241423.htm

¹⁴⁷⁰ Joint Statement on Strengthening Comprehensive Strategic Partnership between the People's Republic of China and the Republic of Indonesia, the Embassy of the People's Republic of China in the Kingdom of Norway 26 March 2015. Date of Access: 21 April 2015.

http://wza.fmprc.gov.cn/yxsm/index.php?m=proxy&a=show&q_url=http%3A%2F%2Fno.china-embassy.org%2Feng%2F.%2Fzyxw%2Ft1249201.htm

During the compliance period China has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving its domestic legal, regulatory and institutional frameworks, and strengthening international cooperation. Thus, it has been awarded a score of +1.

Analyst: Svetlana Nikitina

France: +1

France has fully complied with the commitment on financial regulation.

France has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

Beneficial ownership transparency stems from the Order 2009-104 of 30 January 2009, codified in articles L. 612-14 and followed by the Monetary and Financial Code of France.¹⁴⁷¹

On 10 April 2013, French President François Hollande declared that “French banks will have to publish annually a list of all their subsidiaries around the world, country by country ... this obligation to also be applied at the level of the European Union and, tomorrow, extended to large companies.”¹⁴⁷²

France has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation.

On 27 January 2015, the money laundering directive launched on 5 February 2013 was passed by the European Parliament committees. It includes several innovations, for example the requirement to create national beneficial ownership databases.¹⁴⁷³ In the same period the ministers of finance of France, Germany and Italy issued a letter on greater harmonization and strategy in curbing tax evasion and avoidance.¹⁴⁷⁴ In the course of fighting against tax evasion the ministers addressed the creation of EU-wide beneficial ownership registers which would collect information on who is actually behind a company or other legal entity.¹⁴⁷⁵ Also at the instigation of France and the G20, the Global Forum on Transparency and Exchange of Information for Tax Purposes has become the main body responsible for designing international norms and standards in the fight against tax havens, especially developing new requirements concerning the beneficial owner identification.¹⁴⁷⁶

¹⁴⁷¹ Lignes directrices conjointes de l’Autorité de contrôle prudentiel et de Tracfin sur la déclaration de soupçon <http://www.economie.gouv.fr/files/201007-lignes-directrices-conjointes-Acp-tracfin.pdf>

¹⁴⁷² Comment Hollande veut "éradiquer" les paradis fiscaux et l'évasion fiscale. L'EXPRESS.fr, 10/04/2013 Date of Access: 22 April 2015.. http://lexpansion.lexpress.fr/actualite-economique/comment-hollande-veut-eradiquer-les-paradis-fiscaux-et-l-evasion-fiscale_1422585.html

¹⁴⁷³ Money laundering: company owner lists to fight tax crime and terrorist financing Date of Access: 22 April 2014. <http://www.europarl.europa.eu/news/en/news-room/content/20150126IPR14918/html/Money-laundering-company-owner-lists-to-fight-tax-crime-and-terrorist-financing>

¹⁴⁷⁴ Germany, France And Italy Urge EU To Write Common Corporate Tax Laws, EurActiv 2 December 2014. Date of Access: 22 April 2015. <http://www.euractiv.com/sections/euro-finance/germany-france-and-italy-urge-eu-write-common-corporate-tax-laws-310489>

¹⁴⁷⁵ Germany, Italy & France Call for Strengthened Fight on Tax Avoidance, Registers of Beneficial Ownership. December 3rd, 2014. Date of Access: 22 April 2015.. <http://financialtransparency.org/news/germany-italy-france-call-for-strengthened-fight-on-tax-avoidance-registers-of-beneficial-ownership/>

¹⁴⁷⁶ Lutte contre les paradis fiscaux : l’impulsion de la France (12 février 2015) Date of Access: 22 April 2015.. <http://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/diplomatie-economique-et-commerce/actualites-liees-a-la-diplomatie-23093/2015/article/lutte-contre-les-paradis-fiscaux-l>

During the compliance period France has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving its domestic legal, regulatory and institutional frameworks, and strengthening international cooperation. Thus, it has been awarded a score of +1.

Analyst: Vitaly Nagornov

Germany: 0

Germany has partially complied with the commitment on financial regulation.

Germany has hindered the implementation of the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

On 16 December 2014, the final negotiations between members of the European Parliament and the European member states were held in Strasbourg, France. Under the draft compromise agreement, all European Union countries were required “to obtain and hold adequate, accurate and current information on their beneficial ownership” which must be held “in a central register.” The parliament had already voted to make publicly accessible the real owners of companies and trusts in March 2014.¹⁴⁷⁷ Nevertheless, the member states led by Germany were attempting to restrict the information collected to just the name and date of birth of beneficial owners.¹⁴⁷⁸ Finally, the agreement was reached.¹⁴⁷⁹ A directive according to which the ultimate owners of companies would have to be listed in central registers in EU countries was adopted. Instead of opening the data to general public, the access to it was provided only to people with a “legitimate interest.”

Germany has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation.

On 2 December 2014, Minister of Finance Wolfgang Schäuble together with France’s Michel Sapin and Italy’s Pier Carlo Padoa-Schioppa issued a letter to economics and European Union tax commissioner Pierre Moscovici calling on greater harmonization and strategy in curbing tax evasion and avoidance.¹⁴⁸⁰ The three ministers noted the initiative on base erosion and profit sharing (BEPS) launched by the Organisation for Economic Co-operation and Development and the G20. Therefore, the EU should also adopt a comprehensive anti-BEPS directive for member states by the end of 2015. In the course of fighting against tax evasion the ministers of the eurozone’s three biggest economies also addressed the creation of EU-wide beneficial ownership registers which would collect information on who is actually behind a company or other legal entity. Making these registers public would drastically limit the ability for anonymous companies to be used in money laundering,

¹⁴⁷⁷ Parliament Toughens Up Anti-Money Laundering Rules, European Parliament 11 March 2014. Date of Access: 22 April 2015. <http://www.europarl.europa.eu/news/en/news-room/content/20140307IPR38110/>

¹⁴⁷⁸ Finance: Out Of Control? Beneficial Ownership Registers In EU States Won’t Be Made Completely Public, The Bureau Of Investigative Journalism 16 December 2014. Date of Access: 22 April 2015. <http://www.thebureauinvestigates.com/2014/12/16/eu-set-to-fall-short-of-introducing-public-registers-of-beneficial-ownership/>

¹⁴⁷⁹ Money Laundering: Parliament And Council Negotiators Agree On Central Registers, European Parliament 17 December 2014. Date of Access: 22 April 2015. <http://www.europarl.europa.eu/news/en/news-room/content/20141216IPR02043/>

¹⁴⁸⁰ Germany, France And Italy Urge EU To Write Common Corporate Tax Laws, EurActiv 2 December 2014. Date of Access: 22 April 2015. <http://www.euractiv.com/sections/euro-finance/germany-france-and-italy-urge-eu-write-common-corporate-tax-laws-310489>

tax evasion and corruption.¹⁴⁸¹ This system will likely be created along with the framework of the Common Consolidated Corporate Tax Base (a single set of rules that companies operating within the EU could use to calculate their taxable profits).

Germany has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation, but hindered improving its domestic legal, regulatory and institutional frameworks. Thus, it is awarded a score of 0.

Analyst: Sergei Titov

India: 0

India has partially complied with the commitment on financial regulation.

India has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

The Prevention of Money-Laundering Rules, which entered into force in 2005, particularly Rule 9, include the definition of a beneficial owner, detailed for different types of clients.¹⁴⁸²

On 15 December 2014, the Reserve Bank of India (RBI) published anti-money laundering guidelines for urban cooperative banks, which inform financial institutions about a possible penalty in case of violating the law. Through these guidelines RBI tries to ensure that legal persons are provided with adequate beneficial ownership information.¹⁴⁸³

On 10 February 2015, the Forward Market Commission issued the Master Circular on Prevention of Money Laundering and Combating Financing of Terrorism. The document addresses money laundering and financing of terrorism in the commodity derivatives markets and, inter alia, establishes the requirements concerning the identification of beneficial owners.¹⁴⁸⁴

On 28 February 2015, India's Finance Minister Arun Jaitley stated that income concealment offence and tax evasion in relation to a foreign asset would become a criminal offence.¹⁴⁸⁵

¹⁴⁸¹ Germany, Italy & France Call For Strengthened Fight On Tax Avoidance, Registers Of Beneficial Ownership, Financial Transparency Coalition 3 December 2014. Date of Access: 22 April 2014.

<http://www.financialtransparency.org/2014/12/03/germany-italy-france-call-for-strengthened-fight-on-tax-avoidance-registers-of-beneficial-ownership/>

¹⁴⁸² Verification of the records of the identity of clients, Ministry of Finance, Government of India. Date of Access: 7 April 2015. <http://fiuindia.gov.in/notifications-rule9verification.htm>.

¹⁴⁸³ Anti-Money Laundering (AML) and Know Your Customer (KYC) Guidelines for Urban Co-operative Banks & Reserve Bank's expectation from Auditors, Ahmedabad Branch of Western India Regional Council of the Institute of Chartered Accounts of India 15 December 2014. Date of Access: 7 April 2015. <http://icaiahmedabad.com/KYC-AML-15-12-2014-SHRI-P-K-PRADHAN.pdf>.

¹⁴⁸⁴ Prevention of Money Laundering (Amendment) Act, 2012 (PMLA) – Master Circular, National Commodity & Derivatives Exchange 10 February 2015. Date of Access: 7 April 2015. http://www.ncdex.com/Downloads/Circulars/PDF/Prevention_Money_Laundering_Amendment_Act_2012_Master_Circular_10022015.pdf.

¹⁴⁸⁵ Union Budget 2015: Full text of finance minister's speech, Livemint 28 February 2015. Date of Access: 7 April 2015. <http://www.livemint.com/Politics/GlkyvubNVzBM2lsrW5pKjM/Union-Budget-2015-Full-text-of-finance-minister-Arun-Jaitle.html>.

India has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks, but failed to strengthen international cooperation. Thus, it is awarded a score of 0.

Analyst: Anastasiia Matiukhina

Indonesia: 0

Indonesia has partially complied with the commitment on financial regulation.

Indonesia has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

The term “beneficial owner” is incorporated in Indonesian legislation. In particular, the Bank Indonesia implements the anti-money laundering program providing for the identification of beneficial owners.¹⁴⁸⁶ Non-bank money changers are also obliged to meet the standards of identifying beneficial owners.¹⁴⁸⁷

However, during the compliance period no actions have been registered concerning the implementation of the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation.

Indonesia has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks, but failed to strengthen international cooperation. Thus, it is awarded a score of 0.

Analyst: Andrey Shelepon

Italy: +1

Italy has fully complied with the commitment on the beneficial ownership transparency.

The definition of beneficial owner used in Italy is contained within the EU Council Directive 2003/48/EC of 3 June 2003. According to the Article 2 of the directive “‘beneficial owner’ means any individual who receives an interest payment or any individual for whom an interest payment is secured, unless he provides evidence that it was not received or secured for his own benefit.”¹⁴⁸⁸

Italy participates in the European Union’s activities on financial security matters, and is subjected to the EU regulations in that sphere.

On 20 April 2015, the European Council adopted its position at first reading on new rules aimed at preventing money laundering and terrorist financing. The new directive and regulation, legally binding for all the EU members, are to strengthen the EU rules against money laundering and ensure consistency with the international approach, implementing the recommendations by the Financial

¹⁴⁸⁶ Bank Indonesia Regulation Number: 14/27/PBI/2012, Indonesia Financial Services Authority 28 December 2012. Access date: 17 April 2015. www.ojk.go.id/dl.php?i=2199.

¹⁴⁸⁷ Circular Letter No.12/10/DPM concerning the Standard Guidelines on the Implementation of Anti-Money Laundering and Counter-Terrorism Financing Terrorism Program for Non-Bank Money Changer, Central Bank of Indonesia 30 March 2010. Access date: 17 April 2015. http://www.bi.go.id/en/peraturan/moneter/Pages/se_121010.aspx.

¹⁴⁸⁸ Council Directive 2003/48/EC, EUR-Lex.europa 3 June 2003. Date of access: 18 May 2015. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:157:0038:0048:en:PDF>.

Action Task Force. The regulation contains, inter alia, requirements that beneficial owners are listed in central registers in EU countries, which are to be made accessible to the interested stakeholders.¹⁴⁸⁹

During the compliance period Italy has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving their domestic legal, regulatory and institutional frameworks as well as strengthening international cooperation with respect to beneficial ownership transparency. Thus, it has been awarded a score of +1.

Analyst: Andrei Sakbarov

Japan: -1

Japan has not complied with the commitment on financial regulation.

Japan recognizes the importance of implementing measures in accordance with standards set by the Financial Action Task Force. On 30 March 2015, the Japan Financial Intelligence Centre published a report for 2014. One of its objectives is to elaborate methods and recommendations to prevent money laundering and establish companies' transparency.¹⁴⁹⁰

However, no concrete measures in the area of beneficial ownership transparency taken by Japan have been registered during the compliance period.

During the compliance period Japan has not taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related either to improving its domestic legal, regulatory and institutional frameworks, or strengthening international cooperation. Thus, it has been awarded a score of -1.

Analyst: Vitaly Nagornov

Korea: 0

Korea has partially complied with the commitment on financial regulation.

In Korea, legislation aimed at beneficial ownership identification and transparency is in force.¹⁴⁹¹ However, no new actions taken by Korea to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving either domestic frameworks, or international cooperation have been registered during the compliance period.

Thus, Korea is awarded a score of 0.

Analyst: Andrey Shelepov

Mexico: +1

Mexico has fully complied with the commitment on the beneficial ownership transparency.

¹⁴⁸⁹ Money laundering: Council approves strengthened rules, European Council 20 April 2015. Date of access: 19 May 2015. <http://www.consilium.europa.eu/en/press/press-releases/2015/04/20-money-laundering-strengthened-rules/>.

¹⁴⁹⁰ JAFIC Annual Report 2014. Date of Access: 22 April 2015.

www.npa.go.jp/sosikihanzai/jafic/en/nenzihokoku_e/data/jafic_2014e.pdf

¹⁴⁹¹ Asia Tax Bulletin, Mayer Brown January 2015. Access date: 1 June 2015.

<http://www.mayerbrown.com/files/Publication/c14edcb5-ccae-4063-8fd8-968bb5ca191c/Presentation/PublicationAttachment/28783118-b012-4088-aa48-9afc71cfd88f/150210-ASI-TaxBulletin.pdf>.

Mexico has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

According to a 2014 report published by the Financial Action Task Force (FATF) on Mutual Evaluation of Mexico, “regarding transparency of legal persons, since the adoption of the MER [Mutual Evaluation Report] the authorities have focused on beneficial ownership requirements for financial institutions, as required for CDD [customer due diligence] purposes.”¹⁴⁹²

Mexico 2014 tax reform changed “liability for criminal offenses not only being that of the legal representative of the entity, but also of the sole administrator, chairman of the board of directors, general directors or managers or the person or persons who have powers of administration or ownership, as these persons have the power to prevent tax offenses from being committed.”¹⁴⁹³

In 2014 the Tax on Cash Deposits Law (*Ley del Impuesto sobre Depósitos en Efectivo*) was repealed. According to the Income Tax Law, “institutions that are part of the financial system must submit an annual report to the Tax Administration Service of all cumulative monthly deposits in excess of approximately USD1,000 made to the accounts of individual taxpayers and legal entities.”¹⁴⁹⁴

Mexico has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation.

On 4 March 2015, on the occasion of Mexican President Enrique Peña Nieto’s visit to the United Kingdom, Joint Mexico-United Kingdom Declaration was signed.¹⁴⁹⁵ It affirms both countries’ commitment to cooperate closely in the G20, the Organisation for Economic Co-operation and Development, and the World Trade Organization for promoting an open and transparent global economy, including implementation the FATF standards, in particular on beneficial ownership.

During the compliance period Mexico has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related both to improving their domestic legal, regulatory and institutional frameworks as well as strengthening international cooperation with respect to beneficial ownership transparency. Thus, it has been awarded a score of +1.

Analyst: Elizaveta Safonkina

Russia: +1

Russia has fully complied with the commitment on financial regulation.

Russia has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

On 24 November 2014, the Russian President signed the Federal Law on Amendments to Parts 1 and 2 of the Russian Federation Tax Code (Concerning Taxation of Profits of Controlled Foreign

¹⁴⁹² 7th Follow-Up Report Mutual Evaluation of Mexico, Financial Action Task Force, February 2014. Date of access: 27 August 2015. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Follow-up-report-Mexico-2014.pdf> fo

¹⁴⁹³ Tax Reform 2014. Date of access: 5 April 2015.

<https://www.kpmg.com/MX/es/IssuesAndInsights/ArticlesPublications/Documents/Estudios/2013/Tax-Reform-2014.pdf>.

¹⁴⁹⁴ Tax Reform 2014. Date of access: 5 April 2015.

<https://www.kpmg.com/MX/es/IssuesAndInsights/ArticlesPublications/Documents/Estudios/2013/Tax-Reform-2014.pdf>.

¹⁴⁹⁵ Joint Mexico-United Kingdom Declaration. Date of access: 5 April 2015. <http://en.presidencia.gob.mx/joint-mexico-uk-declaration/>.

Companies and Income of Foreign Organisations). It introduces the terms of beneficial ownership and controlled foreign companies, which are entities controlled by Russian tax residents.¹⁴⁹⁶

On 22 April 2015, the Russian Federal Financial Monitoring Service adopted an instruction defining the procedure of providing information on beneficial owners involved in transactions subject to mandatory control or allegedly related to money laundering and financing of terrorism.¹⁴⁹⁷ The adoption was in line with the national action plan to address tax evasion and identifying beneficial owners of companies adopted by First Deputy Prime Minister Igor Shuvalov on 30 April 2014.¹⁴⁹⁸

Russia has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation.

On 17 April 2015, the Russian Federal Financial Monitoring Service signed a cross-service agreement with the Financial Monitoring Service under the Central Bank of Azerbaijan. The agreement provides for cooperation and exchange of information related to money laundering and financing of terrorism, including information on beneficial ownership.¹⁴⁹⁹

During the compliance period Russia acted to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks and to strengthening international cooperation. Thus, it has been awarded a score of +1.

Analysts: Andrey Shelepov and Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with the commitment on financial regulation.

Saudi Arabia has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation.

On 8 April 2015, the Saudi Arabian parliament (Majlis Al-Shura) approved a draft agreement between the Kingdom and the Kyrgyz Republic on the avoidance of double taxation and prevention of tax evasion with respect to taxes on income. The agreement provides for exchange of information between relevant authorities concerning beneficial ownership.¹⁵⁰⁰

Saudi Arabia has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation, but failed to improve its domestic legal, regulatory and institutional frameworks. Thus, it is awarded a score of 0.

Analyst: Andrey Shelepov

¹⁴⁹⁶ Amendments to Tax Code introducing mechanism for taxation of controlled foreign companies' profits, President of Russia 25 November 2014. Access Date: 15 June 2015. <http://en.kremlin.ru/acts/news/47069>.

¹⁴⁹⁷ Russian Federal Financial Monitoring Service Order No. 110 of 22 April 2015, Russian Federal Financial Monitoring Service June 2015. Access Date: 15 June 2015. <http://www.fedsfm.ru/documents/rfm/1633>.

¹⁴⁹⁸ National action plan to address tax evasion and identifying beneficial owners of companies, Federal Financial Monitoring Service 30 April 2014. Access Date: 15 June 2015. <http://www.fedsfm.ru/documents/rfm/1087>.

¹⁴⁹⁹ Cross-service agreements, Federal Financial Monitoring Service 2015. Access Date: 15 June 2015. <http://www.fedsfm.ru/activity/bilateral-interagency-agreements>.

¹⁵⁰⁰ Majlis Al-Shura Holds its 28th Ordinary session, Ministry of Foreign Affairs of Saudi Arabia 8 April 2015. Access date: 18 May 2015. <http://www.mofa.gov.sa/sites/mofaen/ServicesAndInformation/news/GovernmentNews/Pages/ArticleID201548103521298.aspx>.

South Africa: 0

South Africa has partially complied with the commitment on implementing the G20 High-Level Principles on Beneficial Ownership Transparency.

On 15 April 2015, the government of South Africa approved the draft Financial Intelligence Centre Amendment Bill. According to the National Treasury Africa the bill is aimed at enhancing the country's "ability to combat financial crimes by proposing measures to address threats to the stability of South Africa's financial system posed by money laundering and terrorism financing" and addressing regulatory gaps identified in the 2009 Mutual Evaluation of the Financial Action Task Force and the International Monetary Fund's 2014 South Africa Financial Sector Assessment Programme Technical Note on anti-moneylaundering and countering terrorist finance. The bill introduces "the concepts of beneficial ownership, ongoing due diligence, and foreign and domestic prominent influential persons."¹⁵⁰¹

On 21 April 2015, the South African National Treasury published the draft bill and requested public comments to be sent by 31 May 2015. It was anticipated that the bill would be submitted to the government by June 2015.¹⁵⁰²

South Africa has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks, but no efforts to strengthen international cooperation in this field has been registered. Thus, it has been awarded a score of 0.

Analyst: Lyudmila Tarasenko

Turkey: 0

Turkey has partially complied with the commitment on financial regulation.

Turkey has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation.

On 4 March 2015, Deputy Undersecretary of the Ministry of Justice Selahaddin Menteş addressed the first G20 Anti-Corruption Working Group (ACWG) meeting during the Turkish G20 presidency. He mentioned that as a co-chair of the ACWG Turkey will concentrate on achieving progress in the joint G20 anti-corruption action, including in the area of beneficial ownership.¹⁵⁰³

However, no facts of Turkey implementing the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks have been found during the compliance period.

¹⁵⁰¹ MEDIA STATEMENT REQUEST FOR PUBLIC COMMENTS ON THE DRAFT FINANCIAL INTELLIGENCE CENTRE AMENDMENT BILL, 2015, National Treasury of South Africa 21 April 2015. Date of Access: 27 April 2015. http://www.treasury.gov.za/comm_media/press/2015/2015042101%20-%20FIC%20Bill%202015%20%20Press%20Statement.pdf.

¹⁵⁰² MEDIA STATEMENT REQUEST FOR PUBLIC COMMENTS ON THE DRAFT FINANCIAL INTELLIGENCE CENTRE AMENDMENT BILL, 2015, National Treasury of South Africa 21 April 2015. Date of Access: 27 April 2015. http://www.treasury.gov.za/comm_media/press/2015/2015042101%20-%20FIC%20Bill%202015%20%20Press%20Statement.pdf.

¹⁵⁰³ First G20 Anti-Corruption Working Group Meeting held in Istanbul, G20 Turkey 2015 5 March 2015. Date of Access: 27 April 2015. <https://g20.org/first-g20-anti-corruption-working-group-meeting-held-in-istanbul/>.

Turkey has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to strengthening international cooperation, but failed to improve its domestic legal, regulatory and institutional frameworks. Thus, it is awarded a score of 0.

Analyst: Nadezhda Sporysheva

United Kingdom: +1

The United Kingdom has fully complied with the commitment on financial regulation.

The UK has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

On 26 March 2015, the UK parliament passed into law the Small Business, Enterprise and Employment Act 2015. The act provided for the establishment of a central public register of those individuals who hold significant control of UK companies. Companies will be required to maintain their own registries from January 2016 and provide this information to Companies House for inclusion on the public register from April 2016.¹⁵⁰⁴

The UK has implemented the G20 High-Level Principles on Beneficial Ownership Transparency related to improving international cooperation.

On 28 January 2015, the UK and Singapore held the inaugural Financial Dialogue. The participants identified areas of joint interest and made a commitment for further collaboration across a number of issues, in particular sharing experiences related to the “implementation of the Financial Action Task Force (FATF) Standards set out in the G20 High Level Principles on transparency of beneficial ownership.”¹⁵⁰⁵

On 2 April 2015, representatives of the UK Treasury and the Foreign and Commonwealth Office reportedly signed a letter to the Virgin Islands officials asking the territory to consider establishing a publicly searchable registry of corporate beneficial ownership. A similar letter was previously sent to the Cayman Islands officials.¹⁵⁰⁶

The UK has implemented the G20 High-Level Principles on Beneficial Ownership Transparency both to improving its domestic legal, regulatory and institutional frameworks, and strengthening international cooperation. Thus, it is awarded a score of +1.

Analyst: Andrey Shelepov

United States: 0

The United States has partially complied with the commitment on financial regulation.

¹⁵⁰⁴ Boost for firms as Small Business Act becomes law, UK Government 26 March 2015. Access date: 17 April 2015.

<https://www.gov.uk/government/news/boost-for-firms-as-small-business-act-becomes-law>.

¹⁵⁰⁵ UK and Singapore hold inaugural financial dialogue, UK Government 28 January 2015. Access date: 17 April 2015.

<https://www.gov.uk/government/news/uk-and-singapore-hold-inaugural-financial-dialogue>.

¹⁵⁰⁶ UK writes again on beneficial ownership, BVI Beacon 2 April 2015. Access date: 17 April 2015.

<http://www.bvibeacon.com/1/index.php/local/6586-uk-writes-again-on-beneficial-ownership>.

The US has a definition of beneficial owner.¹⁵⁰⁷ Before the period under review the US made several proposals on beneficial ownership transparency, such as in March 2014, the White House proposed Beneficial Ownership Legislation requiring the Internal Revenue Service to collect information on beneficial owners of any legal entity in any state and providing access to that information for law enforcement.¹⁵⁰⁸

However, the US has a reputation of one of the biggest centres where a company can keep its ownership anonymous.¹⁵⁰⁹ During the period under review no facts of efforts taken by the US to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks were registered.

Still the United States has taken steps aimed at strengthening international cooperation in the sphere of beneficial ownership transparency. The US has continued to push forward its Foreign Account Tax Compliance Act (FATCA) project. Enacted by Congress in 2010, FATCA requires U.S. citizens to report their financial accounts held abroad and all foreign financial organizations to report assets of such persons to the US Treasury. FATCA-related information is shared between the U.S. and other countries under bilateral deals called intergovernmental agreements.

During the compliance period the U.S. has signed 11 FATCA intergovernmental agreements with Barbados, Moldova, Cyprus, Bulgaria, Curacao, Qatar, Kosovo, Belarus, Croatia, Uzbekistan and Kuwait.¹⁵¹⁰

During the period under review the United States has taken steps aimed at strengthening international cooperation in the sphere of beneficial ownership transparency but has failed to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks. Thus, it has been awarded a score of 0.

Analyst: Tatiana Lanshina

European Union: 0

The European Union has partially complied with the commitment on financial regulation.

The EU has taken actions to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks.

On 18 March 2015, the European Commission presented a tax transparency package to provide greater openness of member states' corporate tax regimes, make companies more accountable for their tax practices and tackle corporate tax avoidance effectively. In order to achieve these goals the members will be obliged to exchange information on their tax rulings. This package will also help the

¹⁵⁰⁷ Regulation 13D-G, Title 17, Chapter II, Part 240, Electronic Code of Federal Regulations. Date of Access: 5 May 2015. http://www.ecfr.gov/cgi-bin/text-idx?SID=8e0ed509ccc65e983f9eca72ceb26753&node=17:4.0.1.1.1&rgn=div5#se17.4.240_113d_63.

¹⁵⁰⁸ Beneficial Ownership Legislation Proposal, The White House Blog, Caroline Atkinson 4 April 2014. Date of Access: 5 May 2015. <https://www.whitehouse.gov/blog/2014/04/04/beneficial-ownership-legislation-proposal>.

¹⁵⁰⁹ E.g.: Financial Secrecy Index, USA 7 November 2013. Date of Access: 12 April 2015. <http://www.financialsecrecyindex.com/PDF/USA.pdf>.

¹⁵¹⁰ FATCA - Archive, The U.S. Department of the Treasury. Date of Access: 30 April 2015. <http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA-Archive.aspx>.

tax authorities to gather adequate, accurate and current information regarding the beneficial ownership of legal persons.¹⁵¹¹

On 20 April 2015, the European Council adopted its position at first reading on new rules aimed at preventing money laundering and terrorist financing. The new directive and regulation, legally binding for all the EU member states, are to strengthen the EU rules against money laundering and ensure consistency with the international approach, implementing the recommendations by the Financial Action Task Force. The regulation contains, inter alia, requirements that beneficial owners are listed in central registers in EU countries, which are to be made accessible to the interested stakeholders.¹⁵¹²

European Union has acted to implement the G20 High-Level Principles on Beneficial Ownership Transparency related to improving its domestic legal, regulatory and institutional frameworks, but not on strengthening international cooperation. Thus, it has been awarded a score of 0.

Analyst: Andrey Shelepon

¹⁵¹¹ Combatting corporate tax avoidance: Commission presents Tax Transparency, European Commission 18 March 2015. Date of Access: 18 April 2015. http://europa.eu/rapid/press-release_MEMO-15-4609_en.htm

¹⁵¹² Money laundering: Council approves strengthened rules, European Council 20 April 2015. Date of access: 19 May 2015. <http://www.consilium.europa.eu/en/press/press-releases/2015/04/20-money-laundering-strengthened-rules/>.