

US TOPS FINANCIAL SECRECY RANKING AS G7 COUNTRIES UPEND GLOBAL PROGRESS ON TRANSPARENCY

The US has climbed to the top of a global ranking of countries most complicit in helping individuals to hide their wealth from the rule of law, earning the worst rating ever recorded since the ranking began in 2009. The Tax Justice Network's Financial Secrecy Index 2022, published today, reports that the supply of financial secrecy services, like those utilised by Russian oligarchs, tax evaders and corrupt politicians, has continued to decrease globally due to transparency reforms. But five G7 countries alone – the US, UK, Japan, Germany and Italy – are responsible for cutting global progress against financial secrecy by more than half.

Ahead of tomorrow's meeting of G7 finance ministers¹, who are expected to recommit to enforcing sanctions on Russian oligarchs' hidden assets, the Tax Justice Network is calling on the G7 to commit to a global asset register² to bring law and accountability to the trillions in "lawless wealth" secretively held offshore by wealthy individuals. An estimated \$10 trillion is held offshore beyond the rule of law by wealthy individuals through secretive arrangements – equivalent to 2.5 times more than the value of all US dollar and EURO bills and coins in circulation around the world today.³

The G7 countries' undermining of global transparency has further fuelled calls by leading economists for a UN tax convention that moves rulemaking on international tax and finance out of the hands of the few rich countries who have repeatedly been shown to be some of the world's biggest tax havens.

Alex Cobham, chief executive at the Tax Justice Network, said:

"Globally, we're starting to curb the financial secrecy used by Russian oligarchs, and also by tax evaders, corrupt politicians and organised crime around the world to hide and launder ill-gotten wealth. But the US, UK, Germany, Italy and

Japan cut back that global progress by more than half, fuelling financial secrecy instead of fighting it. The G7 must make clear where they stand in the fight against financial secrecy by committing to a global asset register.”

Top 10 biggest suppliers of financial secrecy

The 2022 edition of the Tax Justice Network’s biennial Financial Secrecy Index sees some of the world’s biggest economies climb up the ranking. The US dramatically expanded the gulf between itself and the rest of the world by enabling the biggest supply of financial secrecy ever recorded by the index – nearly twice as much as the second biggest supplier currently on the index, Switzerland. Germany, which is hosting tomorrow’s G7 finance ministers meeting and now ranks 7th, returned to the top 10 after dropping to 14th in 2020. Japan, which returned to the top 10 in 2020, has continued to climb the index, now ranking 6th.

1. United States
2. Switzerland
3. Singapore
4. Hong Kong
5. Luxembourg
6. Japan
7. Germany
8. United Arab Emirates
9. British Virgin Islands (British Overseas Territory)
10. Guernsey (British Crown Dependency)

The Financial Secrecy Index ranks each country based on how intensely the country’s financial and legal system allows individuals to hide and launder money extracted from around the world. The index grades each country’s financial and legal system with a secrecy score out of 100 where a score of 0 is full transparency and a score of 100 is full secrecy. The country’s secrecy score is then combined with the volume of financial services the country provides to non-residents to determine how much financial secrecy is supplied to the world by the country.⁴

A higher rank on the index does not necessarily mean a jurisdiction has more secretive laws, but rather that the jurisdiction plays a bigger role globally in enabling banking secrecy, anonymous shell company ownership, anonymous real estate ownership or other forms of financial secrecy, which in turn enable money laundering, tax evasion and the evasion of sanctions. A highly secretive jurisdiction that provides very little financial services to non-residents, like Maldives (ranked 91st), will rank below a moderately secretive jurisdiction that is a major offshore destination, like Luxembourg (ranked 5th).

Key changes in ranking

Tax Haven USA undermines Biden's pledge to fight illicit finance

The US topped the index after it increased its supply of financial secrecy to the world by almost a third (31 per cent) since 2020, resulting in the largest supply of financial secrecy ever measured by the index.⁵ The US's supply of financial secrecy is now nearly twice as large as that of second-placed Switzerland.⁶ The increase is partly driven by the US worsening its secrecy score from 63 to 67 out of a 100, mostly by again failing to meet international standards and practice on information exchange with other countries. Countries that have still not met these international standards – some of which have been in place for over a decade - were more harshly graded in the 2022 edition of the index. The increase is also driven by the US increasing the volume of financial services it provides to non-residents by 21 per cent.

The development is at odds with US President Joe Biden's commitments and efforts to tackle global financial secrecy. US President Joe Biden has made transparency reforms a key pillar of his foreign policy, stating: "I will lead efforts internationally to bring transparency to the global financial system, go after illicit tax havens, seize stolen assets, and make it more difficult for leaders who steal from their people to hide behind anonymous front companies."⁷

The Biden administration took unprecedented action within its first few months in office towards curbing rampant corporate tax abuse by multinational corporations by championing a global minimum tax rate.⁸ In his first public address to congress, on the eve of his 100th day in office, President Biden called

out Switzerland, Cayman and Bermuda's roles in enabling multinational corporations to abuse tax: "A lot of companies also evade taxes through tax havens in Switzerland and Bermuda and the Cayman Islands."⁹

The Biden administration has also candidly acknowledged its own country's role in enabling global tax evasion and money laundering by wealthy individuals. US Treasury Secretary Yellen remarked in December 2021 that the US may be "the best place to hide and launder ill-gotten gains."¹⁰

The US now fuels more global financial secrecy than Switzerland, Cayman and Bermuda combined.¹¹ In a separate study published in November 2021, the Tax Justice Network reported that the US is responsible for costing the rest of the world \$20 billion in lost tax a year by enabling non-residents to hide their finances and evade tax.¹²

The US adopted a historic transparency law in January 2021 requiring beneficial owners of corporations to be identified and registered, however, due to limited definitions of which legal entities and beneficial owners must register, 23 baked-in exemptions to registration, and an absence of requirements on all trusts, the law did not produce a significant secrecy score improvement for the US on the index.¹³

The index identifies that one of the most harmful factors behind the US's position as secrecy capital of the world is the US's refusal to reciprocally exchange information with other countries' tax authorities. More than 100 countries today are automatically sharing information about the financial accounts non-residents hold in their jurisdiction with the non-residents' home tax authorities under the OECD's Common Reporting Standard. The OECD reported in 2020 that automatic exchange of information succeeded in bringing transparency to over \$11 trillion in wealth and assets that were previously hidden.¹⁴ In addition, 135 countries are also exchanging information via the facilitation methods defined by the amended Convention on Mutual Administrative Assistance in Tax Matters that go beyond the Common Reporting Standard.¹⁵ The US remains the only major economy not to participate. Hypocritically, the US does require, under the Foreign Account Tax Compliance Act (FATCA) and its related inter-governmental agreements (IGAs), all countries

to share information with it about US taxpayers financial accounts abroad, but the US shares little to no information in return with countries about their residents.

If the US were to reciprocally exchange information with other countries by adopting the Common Reporting Standard and become a party to amended Convention on Mutual Administrative Assistance in Tax Matters, it would cut its supply of financial secrecy to the world by 40 per cent and drop to 3rd on the index below Switzerland and Singapore.

US President Biden urged Congress to advance more reciprocal automatic exchange of information on digital assets in connection with his 2023 budget request.¹⁶ It remains to be seen if Congress will advance these reforms, which it did not do when former US President Obama requested the same.

Ian Gary, Executive Director at the US-based Financial Accountability and Corporate Transparency (FACT) Coalition, said:

"While the US has committed to being a leader in cracking down on global corruption, these rankings show how corrupt actors are weaponizing our financial system against democracy here and abroad. Both Congress and the Biden administration have made progress, but now they must follow through on the ambitious US anti-corruption strategy, starting with fully implementing the Corporate Transparency Act. The US must also support more reciprocal automatic information exchange between countries; bring sunlight to the US real estate, private investment, and financial enabler industries; and boost funding to key agencies."

Singapore joins top three for the first time

Singapore increased its supply of financial secrecy to the world by 14 per cent. The increase is driven by a two-point increase in secrecy score from 65 to 67 and a 9 per cent increase in the volume of financial services the country provides to non-residents. Singapore leapfrogged from 5th to 3rd after both Cayman and Hong Kong, previously ranking above Singapore, reduced their supply of financial secrecy.

Hong Kong reduced its supply of financial secrecy by 10.5 per cent since 2020 following a reduction in secrecy score from 66 to 65 and a 13 per cent drop in financial services provided to non-residents.

Cayman Islands drops from top spot after disclosing data

Cayman dropped from 1st to 14th on the index after the British Overseas Territory disclosed for the first time data indicating the true scale of the financial services it provides to non-residents – revealing it to be significantly lower than previously estimated.

In absence of self-reported data from the Cayman authorities in the IMF Balance of Payments database, the index previously utilised data from the IMF Coordinated Portfolio Investment Survey database.¹⁷ Only 30 of the 141 jurisdictions ranked on the index do not have data reported on the IMF Balance of Payments database and so are alternatively assessed on data from the IMF Coordinated Portfolio Investment Survey database. However, Cayman's highly disproportionate hosting of cross-border portfolio investments made it uniquely placed to see significant discrepancies in estimated financial activity arising from the two databases.

Despite the disclosure of the lower figures on the provision of financial services, the small British Overseas Territory, with a population of 66,000¹⁸, continues to rank above some of the world's largest economies, including G20 members Argentina, Australia, Brazil, India, Indonesia, Italy, Mexico, Russia, South Africa, Saudi Arabia, South Korea and Turkey, demonstrating the oversized volume of wealth being sent offshore to Cayman.

Cayman's drop in financial secrecy is also aided by a secrecy score drop from 76 to 72 primarily resulting from the UK government extending the application of the UK's ratification of the UN Convention for the Suppression of the Financing of Terrorism to Cayman in 2021 and the UN Convention against Corruption in 2020. Both conventions were ratified by the UK 20 years ago. British Overseas Territory Cayman is one of the several Overseas Territories and Crown Dependencies that make up the "UK spider's web", a network of British overseas jurisdictions that operates as a web of tax havens centred around the City of

London.¹⁹ The UK has full powers to impose or veto lawmaking in these jurisdictions and power to appoint key government officials rests with the British Crown. In its communications to the UN Secretary-General announcing the application of the conventions to Cayman, the UK government confirmed it is “responsible” for Cayman’s international relations.²⁰

As a result of Cayman dropping from first, Switzerland and Luxembourg both moved up one position on the ranking despite both countries reducing their supply of financial secrecy. Switzerland, now ranked 2nd, reduced its supply by 17 per cent after improving its secrecy score from 74 to 70 and reducing the volume of financial services it provides to non-residents by 5 per cent. Switzerland improved its secrecy score by requiring country by country reporting from Swiss extractive companies, requiring the use of an updated Legal Entity Identifier for some financial market operators and making some partial improvements in its banking secrecy practices. Luxembourg, now ranked 5th, reduced its supply of financial secrecy by 5 per cent due to an 8.5 per cent drop in financial services provided to non-residents.

Financial secrecy continues to shrink globally despite G7 subversion

The global total of financial secrecy supplied by countries has continued to shrink. The Financial Secrecy Index observed a 2 per cent reduction in total financial secrecy, following a 7 per cent reduction in 2020. The reduction means less room for the type of practices that have come under scrutiny as countries attempt to enforce sanctions on Russian oligarchs²¹ – such as banking secrecy, anonymous ownership of real estate and the use of trusts to move wealth beyond the reach of the law.

The index identifies this progress to be primarily driven by more countries adopting or improving beneficial ownership registration laws²² – which require the identification and registration of the real individual, made of flesh and blood, who ultimately owns, controls or benefits from a company or legal vehicle – and by more countries, particularly lower income countries, improving international cooperation on anti-money laundering efforts, information exchange, treaties and judicial cooperation.

But the recent global curbing of financial secrecy was offset by more than half by just five of the G7 countries whose finance ministers are expected to recommit this week to enforcing sanctions on Russian oligarch's hidden assets. When excluding the increases in financial secrecy from the US, UK, Germany, Japan and Italy, the Financial Secrecy Index 2022 finds that global financial secrecy actually shrunk by 5 per cent. However, the five G7 countries collectively increased their supplies of financial secrecy by enough to minimise the 5 per cent global reduction in financial secrecy down to 2 per cent – effectively leaving Russian oligarchs as well as tax evaders, money launderers and corrupt politicians around the world more room to manoeuvre and hide their assets.

The five countries, who are all members of the Russian Elites, Proxies, and Oligarchs (REPO) Task Force²³ launched in March this year to ensure the effective implementation of sanctions against Russian oligarchs, now collectively supply one-eighth (12.75 per cent) of all financial secrecy in the world.

Russia increased its supply of financial secrecy to the world by 5.5 per cent, moving it up from 44th to 43rd on the ranking. Russia's increase in financial secrecy supply was due to Russia worsening its secrecy score from 57 to 60 out of 100 after it enacted a law permitting private foundations, or "personal funds", to be created without any indication that their owners need to be registered with a public authority, and after it ceased to report bilateral banking statistics to the Bank of International Settlements. The volume of financial services Russia provides to non-residents shrunk by 21 per cent between 2020 and 2022, prior to Russia's invasion of Ukraine.²⁴

The US, UK, Germany and Italy all fall dangerously short on tackling the use of trusts²⁵ to hide wealth and assets from the rule of law, the index finds. Of all the financial secrecy practices to have come under scrutiny in recent months, the use of trusts as a secrecy weapon of choice has particularly gained attention after investigative journalism revealed Russian oligarchs using trusts to hide their assets²⁶ and after the UK Chancellor Rishi Sunak was found to be listed as beneficiary of trusts in the British Virgin Islands (ranked 10th on the index) and Cayman (ranked 14th).²⁷

The US received the worst possible grading (100 out of 100) for its regulation of trusts, one of the 20 indicators on which each country's secrecy score is based.²⁸ The US currently has no laws or policies in place systematically requiring all trusts to register their existence nor information about their owners and beneficiaries. Germany's grading on its regulation of trusts dramatically worsened from 25 to 87.5 out of 100 due to restrictions the country put in place that hinder public access to information on the owners and beneficiaries of trusts.²⁹ The UK kept a score of 50 out of 100 on its regulation of trusts despite passing new rules requiring trusts to register their ownership information. The new rules permitted too many loopholes and exemptions to constitute a material improvement in transparency on the index. Italy similarly maintained a score of 50 out of 100 after a new decree requiring more trusts to register with the national authority was put in place but then suspended by the Council of State.

Additional breakdown of G7 countries' financial secrecy:

- Germany increased its supply of financial secrecy to the world by over a third (36 per cent) following a worsening in its secrecy score from 52 to 57 out of a 100 and a 11 per cent increase in the volume of financial services it provides to non-residents. Germany's secrecy score deterioration is primarily due to the underwhelming implementation of new transparency laws the country passed in the run up to the 2020 edition of the Financial Secrecy Index. The new laws requiring beneficial owners of companies, trusts and partnerships to register their information saw Germany drop out of the top 10 on the index for the first time in 2020. However, restrictions put in place since the 2020 edition of the index hindering public access to information collected under the new laws has pushed Germany back into the top 10, where it now ranks 7th.
- Italy increased its supply of financial secrecy by over a third (37 per cent) following a worsening in its secrecy score from 50 to 55 out of a 100 and a 19 per cent increase in the volume of financial services it provides to non-residents. As a result, Italy leaped 20 places up the ranking from 41st to 21st. Italy's secrecy score deterioration is primarily due to the implementation of beneficial ownership laws being halted and legal ownership information becoming less accessible to the public. Italy also

failed to keep up with more robust criteria used by the 2022 edition of index to assess standards for tax rulings publication and tax treatment of investment income particularly among non-domiciled residents.

- Japan increased its supply of financial secrecy to the world by 10 per cent after increasing the volume of financial services it provides to non-residents by 28 per cent. Japan's secrecy score marginally worsened from 62.9 to 63.1 out of 100. Japan moved up the ranking from 7th to 6th, however, this shift was due to Cayman dropping from the top of the ranking.
- The UK increased its supply of financial secrecy to the world by 2 per cent despite the volume of financial services it provides to the non-residents shrinking by 11 per cent. The UK secrecy score worsened from 46 to 47 out of 100 following a greater emphasis put on transparency of court judgments by the index. The UK does not currently publish all First-tier Tribunal and Upper Tribunal judgements. Despite the escalation of financial secrecy, the UK dropped from 12th to 13th in the ranking after both Germany and China climbed sharply up the ranking and overtook the UK on their way.
- Canada and France both reduced their supply of financial secrecy to the world (Canada by 20 per cent; France by 2 per cent). Both countries' reduction in financial secrecy was due to improvements in secrecy scores (Canada from 56 to 51; France from 50 to 48).³⁰

Calls grows to reign in lawless wealth with global asset register

Leading economists and campaigners from around the world are calling on G7 ministers meeting tomorrow to commit to a global asset register in order to bring law and transparency to the trillions in wealth and assets secretively held offshore.

The proposal for a global asset register has rapidly gained traction after Italian Prime Minister Mario Draghi called in March for a public international asset register for individuals with assets of more than €10 million.³¹ The commissioners of the Independent Commission for the Reform of International Corporate Taxation (ICRICT), including leading economists Gabriel Zucman,

Joseph Stiglitz and Thomas Piketty, and the French investigative judge Eva Joly, called on the G20 in an open letter last month to establish a global asset register.³²

The G7's fuelling of financial secrecy is also amplifying calls to move rulemaking on global tax and finance out of the hands of a few rich countries and to the UN by establishing a UN tax convention.³³

Alex Cobham, chief executive at the Tax Justice Network, said:

"There is more wealth hidden offshore beyond the rule of the law than there are US dollars and Euros changing hands today – more than twice more to be specific. That lawless wealth is a threat to our democracies, our economies and our safety. Governments must establish and link up national asset registers to bring law and transparency to the trillions hidden offshore, and end the wild west era of wealth.

"The Financial Secrecy Index 2022 confirms that transparency reforms are working, despite sabotage from most of the G7 countries meeting tomorrow. Globally, we're starting to curb the financial secrecy used by Russian oligarchs, and also by tax evaders, corrupt politicians and organised crime around the world to hide and launder ill-gotten wealth. But the US, UK, Germany, Italy and Japan cut back that global progress by more than half, fuelling financial secrecy instead of fighting it. The G7 must make clear where they stand in the fight against financial secrecy by committing to a global asset register."

Moran Harari, lead researcher (indices) and interim director of financial secrecy and governance at the Tax Justice Network, said:

"Once again, a small club of rich countries setting global rules on finance and tax are found to be the ones most responsible for facilitating financial secrecy and tax abuses. For decades, rich G7 countries courted billionaires, oligarchs and corporate giants with secrecy loopholes and eyes-wide-shut-regulations. The regulations they imposed facilitated the robbing of billions from poorer countries' public purses. And now those same regulations are making it nearly impossible for G7 countries themselves to track down the billions held offshore by

sanctioned Russian oligarchs. We must move rulemaking on global finance and tax to the UN. Only a UN tax convention can make sure our global finance and tax rules are genuinely democratic and principled on human rights.”

Gabriel Zucman, Director of the EU Tax Observatory, said:

“The idea of a global asset registry may sound revolutionary, but it is not. The starting point is that many countries have had real estate and land registries for centuries. When they were introduced, the bulk of wealth was indeed real estate and land. So, these registries were recording the ownership of almost all wealth. What has happened since then, is that financial wealth plays a much more important role: today, more than half of households’ wealth is financial. The problem is that these registers have not taken these changes into account. The idea of a global asset registry is to modernize the existing tools that we already have, do a better job at identifying the beneficial owners of the assets, and extend the existing registries to financial assets to get back to the original intention, which is to cover the ownership of all forms of wealth.”

Jayati Ghosh, member of the UN Secretary General’s high-level advisory board on Effective Multilateralism, said:

“The war in Ukraine and the attempts of Western countries to go after Russian oligarchs have demonstrated that the lack of transparency highlighted by the Financial Secrecy Index 2022 can hurt all countries, including rich ones. Trying to protect your own elite can backfire when you realize that the system also protects the people you want to go after.

“It has drawn much more public attention to the different forms in which wealth is held. People also realized that it is not that difficult to identify the beneficial owner of this hidden wealth, at least a part of it. Now we know which oligarch owns which yacht. Because of that, I think there is more global willingness to accept the need and a possibility of a Global Asset Registry.”

José Antonio Ocampo, chair of Independent Commission for the Reform of

International Corporate Taxation (ICRICT) and former UN Under-Secretary-General for Economic and Social Affairs Chair, said:

"The pandemic has had a huge economic and social impact but developing countries have suffered the most. In Latin America, for example, new research shows that tax revenues have fallen both in nominal terms and as a share of GDP. With rising energy and food prices, the war in Ukraine will make the situation even worse. Developing countries must have more means to finance social policies. The Financial Secrecy Index 2022 report reminds us how much tax havens impede wealth taxation and the generation of resources at a crucial time."

Magdalena Sepúlveda, Executive Director of the Global Initiative for Economic, Social, and Cultural Rights, said:

"After two years of a pandemic that has not yet come to an end, it is not a question of returning to the "normality" that has produced so much inequality and poverty. It is now urgent to build more sustainable, more inclusive, and greener economies, economies that support women and prioritise investments in care.

"These efforts come at a cost. States, which have spent so much in response to the pandemic, must not only recover their resources but increase them to finance this turnaround. One of the key avenues is to consider fair taxation of wealth and capital income and to attack tax avoidance by multinationals and the very richest, who have never been richer. This report reminds us how urgent it is to put an end to the tax evasion scandal. And to do this, the richest countries must commit to setting up a global register of assets to put an end to tax havens once and for all."

Hon. Irene Ovonji-Odida, panellist on the UN High Level Panel on International Financial Accountability, Transparency and Integrity, said:

"A recent UNCTAD report on economic development in Africa found that an estimated \$88.6 billion leaves the continent as illicit capital flights. That's enough to finance almost half the annual financing gap of \$200 billion that the

continent faces to achieve development and meet the SDGs by 2030. It also represents almost 4% of the continent's GDP, much more than the international aid received.

"All this is of course due to the scandalous practices of global and local elites and facilitated by the international financial system with all its gaps, supported by a vast network of accountants and lawyers from rich countries, which allows them to hide their wealth legally. With a global asset registry, it would be possible to identify the beneficial owners of this hidden wealth and to make them pay taxes that would constitute precious resources for Africa. The international community knows what needs to be done, it is just the lack of political will and vested interests preventing real solutions and perpetuating a system that drives massive inequalities between and within countries."

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Download the **embargoed ranking and country profiles:**

<https://taxjustice.net/financial-secrecy-index-2022-press-kit/>
(password: FSI#2022)

Link to Financial Secrecy Index 2022 website:

fsi.taxjustice.net (will be updated on 17 May)

Online event on Financial Secrecy Index 2022:

The Tax Justice Network will be hosting a high-level, international panel discussing the findings and policy implications of the Financial Secrecy Index 2022. The online event will take place on the day of the launch on 17 May 2022, from 2:00pm to 3:30pm BST. The event will be the first in a series of events run by the Tax Justice Network over the summer on the most pressing global tax issues and the way ahead for a fair and inclusive global tax system.

[Register here.](#)

Notes to Editor

1. The meeting of G7 finance ministers and central bank governors will take place in Bonn and Königswinter in Germany from 18 to 20 May 2022. More information is available [here](#).
2. A global asset register is a comprehensive international registry of all high-value wealth and assets, along with their real beneficial owners. It

could take the form of a networked resource linking up national and regional asset registries around the world. By providing a centralised global resource detailing who owns what, and where they own it, a global asset register would bring the rule of law to trillions in wealth and assets hidden offshore and would provide a means to measure, understand and address global inequality. More information is available [here](#).

3. An estimated [\\$9.9 trillion in wealth](#) is held offshore. The value of EURO bills in circulation in March 2022 was [€1,574.3 billion](#) and the value of EURO coins in circulation in March 2022 was [€31.2 billion](#). The value of US dollar bills and coins in circulation in March 2022 was [\\$2,235.5 billion](#). The \$9.9 trillion in offshore wealth is equal to 2.5 times the combined value of US currency in circulation and EU currency in circulation (converted to US dollars).
4. The 2022 edition of the Financial Secrecy Index ranks a total of 141 jurisdictions. Every jurisdiction ranked on the index is given two opportunities before the index is published to feedback on and dispute the index's assessment of their financial and legal systems. We share our existing assessment from the previous edition of the index with every ranked jurisdiction at the start of the research process. Towards the end of the research process, we share our new, preliminary assessment for the new edition of the index with every jurisdiction. If a jurisdiction provides sufficient evidence that counters an assessment we made, the assessment is changed to reflect the evidence.

The jurisdictions are ranked by how much financial secrecy they supply to the world, indicated by their FSI Value on the index. A jurisdiction's FSI value is determined by combining its Secrecy Score and Global Scale Weight.

A jurisdiction's Secrecy Score is a measure of how much scope for financial secrecy its financial and legal systems enable, where a score of zero means the jurisdiction's laws allow no scope for financial secrecy and a score of 100 means the jurisdiction allows unrestrained scope. Each jurisdiction's Secrecy Score is based on 20 Secrecy Indicators which cover a range of regulations such as banking secrecy, automatic exchange of information, beneficial ownership registrations and transparency on tax rulings. Each jurisdiction's Secrecy Score breakdown can be viewed in full detail on the index's [country profile page](#) for the jurisdiction. A jurisdiction's Secrecy Score is more than just a report card, it's a troubleshooting manual that analyses the laws and loopholes that policymakers can amend to tackle financial secrecy.

A jurisdiction's Global Scale Weight is a measure of how much in financial services the jurisdiction provides to residents of other countries, like opening a bank account or setting up a company. This is presented as a percentage of all financial services globally provided by all jurisdictions to non-residents. The index uses IMF Balance of Payments statistics on exports of financial services and other IMF data on cross border financial

activity to determine the jurisdictions' Global Scale Weight.

Combining a jurisdiction's Secrecy Score and Global Scale Weight gives a picture of how much of the financial activity conducted offshore by individuals from around the world is put at risk of financial secrecy by the jurisdiction's laws. Whereas tax haven blacklists usually only take laws into consideration and are often susceptible to political lobbying, the Financial Secrecy Index more accurately identifies harmful jurisdictions by taking into account how laws and offshore financial activity intersect in the real world to create financial secrecy risks.

The Financial Secrecy Index's methodology is periodically updated to address the evolving nature of the financial secrecy landscape, similar to how a firewall is updated to protect against newly exposed vulnerabilities.

5. The US received an FSI Value of 1950.8 on the 2022 edition of the Financial Secrecy Index. This is the highest FSI Value ever recorded by the Financial Secrecy Index, which has been running since 2009. A jurisdiction's FSI Value is a measure of how much financial secrecy it supplies to the world. Please see the Note 4 above for more information on how a jurisdiction's FSI Value is determined.
6. Switzerland received an FSI Value of 1167 on the 2022 edition of the Financial Secrecy Index. A jurisdiction's FSI Value is a measure of how much financial secrecy it supplies to the world. Please see the Note 4 above for more information on how a jurisdiction's FSI Value is determined.
7. Read US President Biden's pledge, as a presidential candidate, to fight illicit finance and financial secrecy [here](#).
8. Read more about US President Biden's proposal for a global minimum tax rate, and our analysis showing why the tax deal will only benefit a handful of rich countries if the deal is not properly balanced, [here](#).
9. Read US President Biden's first address to a joint-session of Congress [here](#). Watch it [here](#).
10. Read US Secretary of the Treasury Janet L. Yellen's remarks at the Summit for Democracy [here](#).
11. The US received an FSI value of 1950.8 on the 2022 edition of the Financial Secrecy Index. Switzerland, Cayman and Bermuda received FSI values of 1167, 516.4 and 244.6 respectively – a total of 1928. A jurisdiction's FSI Value is a measure of how much financial secrecy it supplies to the world. Please see the Note 4 above for more information on how a jurisdiction's FSI Value is determined.
12. The Tax Justice Network's [State of Tax Justice 2021](#) reports that the world loses \$483 billion in tax a year to global tax abuse committed by multinational corporations and wealthy individuals. The US inflicts a tax loss of \$20 billion on the rest of the world by enabling private tax evasion.
13. The US passed the Corporate Transparency Act in January 2021, finally requiring beneficial ownership information to be registered with a government authority. Due to the act's limited definitions of which corporations and beneficial owners must register, 24 baked-in exemptions

to registration, and an absence of requirements on trusts, the act did not produce a significant secrecy score improvement for the US on the index. The act is still pending regulation by the Financial Crimes Enforcement Network (FinCen) to be implemented in the US. Read [our analysis](#) of the Corporate Transparency Act on why the act, despite its weaknesses, is still a seismic shift and victory for US tax justice advocates.

14. Automatic exchange of information involves countries automatically sharing information on the financial activities of non-resident individuals, corporations and legal vehicles with the jurisdiction in which they reside. Making the sharing of information automatic eliminates the obstacles, delays and politics that have deterred international cooperation and helped financial secrecy flourish. The Tax Justice Network [first called](#) for the practice of automatic exchange of information in 2005, at which point the practice was believed by many to be impossible to implement. Read more on the \$11 trillion subject to automatic exchange of information as of 2020 [here](#).
15. The US is party to the original Convention on Mutual Administrative Assistance in Tax Matters that came into force in 1995. The convention, which facilitates the entering into information exchange relationships between state parties, was originally only open to members of the OECD and Council of Europe. In 2010, the convention was amended to allow any country to join the convention at the invitation of existing parties. The US is the only party to the original convention not to ratify the amended convention. As of writing, 135 countries have the amended convention in force.
16. Read the US Treasury's 'General Explanations of the Administration's Fiscal Year 2023 Revenue Proposals' [here](#).
17. Cayman's data on the IMF Balance of Payments database was first published in November 2019 after the cut-off date for the 2020 edition of the Financial Secrecy Index. Cayman's Ministry of Financial Services and Home Affairs responded in December 2019 to a preliminary assessment of its ranking of the 2020 edition of the index, in which the Ministry did not dispute the index's assessment that the IMF Balance of Payments Database did not hold data on Cayman. The Ministry did not inform the Tax Justice Network that Cayman's data was published on the database after the index's cut-off date, which the Tax Justice Network would have considered making an exception for, in line with our usual procedure.
18. Cayman has a population of 65,720 as of 2020 according to [data](#) from the World Bank.
19. Extensive research has documented the ways in which the UK's network of jurisdictions operates as a web of tax havens facilitating corporate and private tax abuse, at the centre of which sits the City of London. The UK spider's web consists of the following British Overseas Territories and Crown Dependencies: Cayman Islands, British Virgin Islands, Guernsey, Jersey, Gibraltar, Bermuda, Isle of Man, Anguilla, Turks and Caicos Islands and Montserrat. For more information about the UK spider's web, please see Michael Oswald's documentary "*The Spider's Web: Britain's Second Empire*", produced by Tax Justice Network founder John

Christensen. The documentary is available on YouTube in [English](#), [Spanish](#), [French](#), [German](#) and [Italian](#) and has been viewed nearly 5 million times.

20. View the UK government's communications to the UN Secretary-General announcing the application of the conventions to Cayman [here](#) and [here](#).
21. Read our analysis of the financial secrecy obstacles faced by international efforts to sanction Russian oligarchs and our 10 measures to expose sanctioned Russian oligarchs' hidden assets [here](#).
22. A beneficial owner is the real individual, made of flesh and blood, who ultimately owns, controls or benefits from a company or legal vehicle, even when the company belongs to another person, like a lawyer, nominee or a shell company. Companies must typically register the identities of their legal owners, but not necessarily their beneficial owners. In most cases, a company's legal owner and beneficial owner are the same person when they are directly owned by the real owner or shareholder. But when they're not, beneficial owners can hide behind many layers of legal owners, making it practically impossible to tell who is truly running and profiting from a company. Mossack Fonseca, the offshore service provider at the centre of the Panama Papers scandal, did not know who the beneficial owners were of more than [70 per cent of the 28,500 active companies](#) it provided services to, despite serving as legal owners of some of those companies. Beneficial ownership registration involves requiring legal vehicles to register who their beneficial owners are. More information on beneficial ownership information is [available here](#).
23. Read more about the Russian Elites, Proxies, and Oligarchs (REPO) Task Force [here](#).
24. The data collection cut-off date for the 2022 edition of the index was 30 September 2021, after which changes in regulations are not guaranteed to be included in the jurisdiction's evaluation for the 2022 edition of the index. For some indicators, more recent data has been included. All jurisdictions ranked on the index had up to January 2022 to provide evidenced feedback or new information that may alter their assessment on the index. This means rankings on the index do not reflect the financial fallout of the invasion of Ukraine.
25. Trusts can be abused to shield the identity of owners of wealth and muddle the status of ownership for the purpose of paying less tax and escaping the rule of law. Trusts have increasingly become one of the most important mechanisms used in modern global finance. Read more about [trusts](#) here and in more detail [here](#).
26. Read more about the Russian Asset Tracker assembled by the Organized Crime and Corruption Reporting Project in collaboration with more than 25 major news outlets [here](#).
27. Rishi Sunak 'listed in tax haven as trust beneficiary' while chancellor, read [here](#).
28. Please see Note 4 above for more information about Secrecy Score.
29. Germany's beneficial ownership register requires users to submit a PDF copy of their passport, or other form of photo-ID, when requesting to

access information held by the register. Once a search request is submitted with the passport copy, the request must be approved by the register authority for the user to gain access to the information. The Financial Secrecy Index considers such levels of restrictions on access to be excessive and counterproductive to ensuring public transparency. For beneficial ownership registers to be effective tools of transparency, they must provide open and free online access to the public. For example, the UK's, Denmark's and Ecuador's beneficial ownership registers do not require users to submit photo-IDs nor require approval by an authority to access information. Tax Justice Network researchers were unable to access information on legal entities on Germany's beneficial ownership register in a test search. After a Tax Justice Network researcher submitted a copy of their photo-ID for approval, the request was pending for over a month before it was ultimately declined. The search request was submitted on 25 June 2021 and declined on 13 August 2021.

30. Canada reduced its supply of financial secrecy to the world by 20 per cent, moving it eight positions down the ranking from 19 to 28. Canada's de-escalation in financial secrecy is a result of Canada improving its secrecy score from 56 to 51 out of 100. Canada increased the volume of financial services it provides to non-residents by 11 per cent. The improvement in Secrecy Score is a result of Canada publishing country by country reporting aggregate statistics via the OECD, improving its anti-money laundering ratings with the Financial Action Task Force and removing large banknotes from circulation.

Canada still has lots of room for improvement: the country does not ensure sufficient legal and beneficial ownership registration of companies, limited partnerships, nor trusts. Canada does not have a central register for domestic real estate, and no ownership data is systematically available online to the public. Although Canada is a major destination for the diamonds and gold businesses, the country does not provide safeguards against the abuse of free trade zones and other preferential tax regimes for the secretive storage of high value assets. Finally, the resource-rich country does not require all extractive industry contracts to be disclosed, and public authorities do not systematically publish all unilateral tax rulings, leaving plenty of space for wealthy individuals and multinationals to evade public accountability.

France reduced its supply of financial secrecy to the world by 2 per cent. However, France moved up the ranking from 33rd to 30th after a number of countries previously ranking above France reduced their supplies of financial secrecy more sharply and dropped down below France. France's de-escalation in financial secrecy is a result of France improving its secrecy score from 50 to 48 out of 100. France increased the volume of financial services it provides to non-residents by 36 per cent. The improvement in Secrecy Score is a result of France making information about beneficial and legal owners publicly available online for free, and publishing country by country reporting aggregate statistics via the OECD.

France still has lots of room for improvement: the country does not require all shareholders (legal owners) to be disclosed to public authorities upon any change (only those that hold more than 10 per cent of the company must disclose). Updated legal ownership information is not available online for neither companies nor limited partnerships – while some information is provided to tax authorities annually, there is no obligation to provide updated information to the commercial registry. Although France is a preferred destination for wealthy elites, there is no dedicated unit within the tax authority for High Net Worth Individuals. The jurisdiction also provides sizeable exemptions for expatriates under special tax regimes. Finally, France fails to implement comprehensive regulations for the tax treatment of foreign investment income. Such foreign source flows are either at risk of double taxation, or at risk of double-non-taxation. Comprehensive tax credits for foreign tax paid are not in place under domestic law, pushing taxpayers to exploit loopholes in bilateral treaties to avoid double taxation, often resulting in double-non taxation.

31. Read Italian Prime Minister Mario Draghi's call for a global asset register [here](#).
32. Read about the open letter from leading economists calling for a global asset register [here](#).
33. Momentum to move rulemaking on global tax and finance from the OECD, where it has sat for six decades, to the UN passed a tipping point last year after the UN high level panel for Financial Accountability, Transparency and Integrity (FACTI) [called for the establishing of a UN tax convention](#). A call to develop a UN Tax Convention was first put forward by the Africa Group at the United Nations in 2019. The UN Secretary-General's initiative in 2020 to explore responses to the Covid-19 pandemic [identified a UN tax convention](#) among the options for heads of state. The World Economic Forum in 2021 published a [white paper](#) identifying the UN tax convention among key policy pathways for an ambitious economic recovery post-pandemic. Also in 2021, the South Centre – the intergovernmental organisation of lower-income countries – published a [briefing](#) detailing a proposal for a framework UN convention on tax. The momentum has been propelled by the Tax Justice Network's research showing OECD countries setting global tax rules to be most responsible for enabling global tax abuse by multinational corporations and wealthy individuals. The Tax Justice Network's [State of Tax Justice 2021](#) found OECD members to be responsible for facilitating 78 per cent of the \$483 billion in tax countries suffer a year to global tax abuse. This amounts to the facilitating the handing over of \$378 billion a year from public purses around the world to the wealthiest multinational corporations and individuals.

About the Tax Justice Network

The Tax Justice Network believes our tax and financial systems are our most powerful tools for creating a just society that gives equal weight to the needs of

everyone. But under pressure from corporate giants and the super-rich, our governments have programmed these systems to prioritise the wealthiest over everybody else, wiring financial secrecy and tax havens into the core of our global economy. This fuels inequality, fosters corruption and undermines democracy. We work to repair these injustices by inspiring and equipping people and governments to reprogramme their tax and financial systems.

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