UNITED KINGDOM GOVERNMENT DOCUMENTS (EXCERPTS)

- **Transparency & Trust – Enhanced Transparency of Company Beneficial Ownership, Department for Business, Innovation & Skills, Impact Assessment (2014)**

- Discussions with enforcement agencies and a private sector fraud investigator have indicated that many cases of company misuse will involve complex webs of companies and other corporate structures incorporated in numerous different jurisdictions. This is supported by relevant literature on the misuse of companies.

- The Serious Fraud Office (SFO) and Metropolitan Police Service (the 'Met') have highlighted a number of cases in which UK and/or overseas-incorporated companies are used to channel illicit funds through the UK; hold UK assets such as property; or perpetuate fraud involving UK citizens. Amounts up to £50m can be involved in such crimes. Recovering the proceeds of such crimes can be incredibly difficult - if not impossible - not least because of the multi-jurisdictional nature of the various companies involved in the ownership chains.

- The UK prosecution authorities indicate that estimate that in cases where hidden beneficial ownership is an issue, 30-50% of an investigation can be spent in identifying the beneficial owners through a chain of ownership "layers".

- For example, under the UK's anti-money laundering (AML) regime, banks, lawyers, accountants and other professional bodies ("regulated entities") are required to apply customer due diligence measures before entering into a business relationship with a company, including identification of the beneficial owner(s). However, regulated entities have told us they can struggle to fulfil this requirement, finding it difficult to obtain the information from the company or through other means. […] The regulated entities go on to say that where services are refused, the company may look to find a service provider who does not apply due diligence, or does so to a lesser degree.

- [W]here illicit activity is suspected it can be very difficult to prove that the individual suspected of benefiting from the shares or company in question is actually the beneficial owner. This can have an adverse impact in terms of the amount of time and resource expended in investigating a case; but also in terms of the ultimate case outcome (e.g. the ability to prosecute successfully). Law enforcement agencies say the opacity of current beneficial ownership arrangements is a significant barrier to tackling money laundering and successfully recovering stolen assets.

- These issues are systemic and relate in many ways to the essence of the company form, which is largely replicated throughout international legal systems.

- There is a clear link between such illicit financial flows and company structures.

- **Tackling aggressive tax planning in the global economy: UK priorities for the G20-OECD project for countering Base Erosion and Profit Shifting, HM Treasury (HM Customs & Revenues)**

- Consider a multinational group operating in a normal rate Country A that has global publicly reported profits of 1000 but only a small portion (100) of this is reported in that country. Currently, Country A does not know where the remaining profit is reported so does not know if there is anything untoward taking place, typically until well into an audit.