



Leveraging information about beneficial ownership networks to **improve taxation**

Considerations for
tax authorities and
policy makers

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INTERNAL
REVENUE
SERVICE



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Overview

Over the past decade, significant advances have been made in transparency over the individuals who ultimately own, control, and derive benefit from companies and other legal vehicles – the beneficial owners – by requiring legal vehicles to disclose this information to government agencies, which collect it in central registers.¹

In recent years, there has been considerable attention on how beneficial ownership (BO) information can be used to improve taxation. BO information helps understand the distribution of wealth and assets in a country, and therefore provides insights into the true tax base of an economy.² The value of BO information for tax authorities has been demonstrated through the Panama, Paradise, and Pandora papers, and other leaks.³ Many tax authorities use information from these leaks, including information on the owners of legal vehicles. With the implementation of central registers, there is an opportunity for tax authorities to systematically and proactively incorporate the use of BO information into their processes to achieve their aims more effectively.

Strengthening tax compliance and mobilising domestic revenue are high on the global policy and political agenda. Jurisdictions of all income levels are under pressure to raise more revenue, as illustrated by the United Nations (UN) Financing for Development process, where strengthening fiscal systems and international tax cooperation, and decreasing outflows through tax evasion, feature prominently.⁴ Taxation – specifically, taxing the ultra wealthy and improving international cooperation – also featured prominently in the 2024 G20 summit in Rio de Janeiro.⁵

The tax gap is the difference between the amount of tax that should, in theory, be paid to a tax authority versus what is actually paid. Closing the tax gap could yield significant extra resources for governments worldwide. In the United Kingdom (UK), the 2024 tax gap was estimated at close to GBP 40 billion.⁶ According to the UN, the vast majority of Africa's estimated USD 88.6 billion illicit financial flows are due to tax abuse, representing

approximately 3.7% of the continent's GDP.⁷ In Latin America, the lack of information on taxable assets held offshore was estimated to lead to a EUR 19 billion loss in tax revenue.⁸

Various policy measures, including improved tax transparency and international anti-money laundering (AML) frameworks, have targeted these losses. Due to the role of companies and trusts in both tax abuse and money laundering, the creation of central BO registers for legal vehicles has been at the heart of many of these measures. The intersection of AML measures and tax compliance has been extensively explored.⁹ However, understanding how information held by central BO registers can be effectively used by tax authorities merits further exploration. While some countries have implemented central BO registers as part of AML measures, many have taken a more holistic approach to the beneficial ownership transparency (BOT) of legal vehicles, with implications for how this information can be accessed and used, and by whom. These jurisdictions implement BOT to help facilitate economic growth and tackle misuse of companies more broadly, enabling them to leverage their registers to address multiple policy objectives.¹⁰ This means that exploring the use cases of BO information for tax authorities through an AML lens alone may be limiting. For some jurisdictions, tax integrity is a key policy objective, and central BO registers for legal vehicles are overseen by tax authorities.¹¹

Information about the beneficial owners of legal vehicles from central registers is essential to understanding BO networks – the networks of relationships between individuals, legal entities, and assets – but it is not the only relevant information to do so. For example, other sources such as information about shareholders and nominees partly constitute and overlap with BO information. Tax authorities may need to rely on multiple information sources to comprehensively understand the ownership and control relationships in a BO network.



This briefing will focus on how tax authorities can effectively use BO information of legal vehicles from central registers and other relevant information relevant to understanding BO networks. Tax authorities perform different functions in different jurisdictions, but are broadly responsible for tax collection as well as detecting and investigating cases where insufficient tax has been paid, including through audits. These activities fall under a function that is referred to as compliance. Tax authorities are also often responsible for assessing and informing tax policy, and they may have law enforcement and criminal investigatory powers and responsibilities.

Tax authorities often combine large amounts of information to perform these functions. They generally have significant legal powers to access private information from other government agencies and businesses, and tend to have the skills and resources to analyse this information. This can include information from tax returns and statements from individuals, businesses, and employers; bank, savings, pensions, and investments records; records from government registers, such as for legal vehicles, real estate, motor vehicles, and vessels; and online information about lifestyle and activities, including from social media and trading platforms. This information is combined to identify and mitigate risks of noncompliance. Due to their privileged access, tax authorities are often restricted from sharing most of this information.

A number of responsibilities that are regularly – but not ubiquitously – assumed by tax authorities will not be covered by this briefing. These include the collection of non-tax revenue, broader customs functions, AML supervision, administering financial support or welfare, and overseeing BO registers for legal vehicles.

BO information for legal vehicles from central registers and other information relevant to understanding BO networks helps tax authorities to:

1. Close the tax gap through better compliance by:

- a. uncovering hidden assets;
- b. revealing the sources or types of income;
- c. understanding relationships in transfers of assets; and
- d. countering criminal attacks.

2. Develop and deliver policy reforms to tax systems, underpinned by better insight and analysis.

Whether and how effectively BO information for legal vehicles held by central registers can be used is determined by decisions about implementation design. This briefing sets out key considerations for implementing agencies, including:¹²

- taking a **whole-of-government approach** to better understanding relationships between individuals, entities, and assets;
- taking a **comprehensive approach to understanding asset ownership** by leveraging progress made with BO registers for legal vehicles and combining BO information for legal vehicles with information on direct interests related to entities and assets;
- further **developing legal and technical frameworks for accessing information** within and across borders.



Background

BO has emerged as a concept to describe the party that ultimately benefits from an asset or transaction. The term first emerged in common law countries' bilateral tax treaties in the 1940s and was incorporated into the Organisation for Economic Co-operation and Development (OECD) Model Double Taxation Convention on Income and Capital in 1977.¹³ In recent decades, the term has become central to and popularised by AML policy.

There are commonalities and interdependence between AML and tax crimes, and similar techniques are employed for both.¹⁴ These include the use of legal vehicles for obfuscation of both funds and assets, their source, and the identity of the persons who ultimately benefit from them. Tax crimes in many places are a predicate crime for money laundering.¹⁵ It is therefore not surprising that there has been convergence between tax compliance and AML frameworks, and that BO has become a central concept and fundamental countermeasure in both.¹⁶ The standard-setting body for AML, the Financial Action Task Force (FATF), is hosted by the OECD, the organisation that has developed leading international frameworks for tax transparency and compliance.

There are variations in how BO is defined for both tax and AML policy depending on the context in which it is used. For tax treaty purposes, the concept of BO can refer to the **party who has the right to control and enjoy the income**, without being legally or contractually required to pass it on to another party, such as parent companies or the persons behind nominees, agents, and trustees. The concept is used to enforce double taxation agreements (DTAs) to eliminate treaty benefits for those who receive income on behalf of another party, and is captured in the OECD model (2019), the UN model (2018), and various regional models, such as the African Tax Administration Forum (ATAF) Model Tax Agreement. In these models, BO is defined in great detail concerning payments such as dividends, interest, and royalties – and, sometimes, fees for technical services. It is used to prevent both deliberate

and accidental claiming of undue benefits of tax treaties where these benefits ultimately accrue to a party that is not a tax resident in either jurisdiction in the agreement.¹⁷

The use of DTAs in aggressive tax planning is also called treaty shopping or tax treaty abuse, which can be used by multinational companies as part of base erosion and profit shifting (BEPS). BEPS seeks to shift profits to lower tax jurisdictions, benefitting the multinationals and low-tax jurisdictions at the expense of the jurisdictions where profits were actually made. BEPS can have a considerable negative economic impact. For example, lower-income economies dependent on revenues from the mining sector can struggle to collect royalties because of aggressive BEPS planning.¹⁸ Various efforts, including the OECD's BEPS Project and global minimum corporation tax have sought to counter BEPS.¹⁹ The concept of BO is relevant to different aspects of the BEPS Project framework, such as transfer mispricing, further detailed below.

BO is also a commonly used concept in national legislation relating to tax and assets, and has different definitions and a range of uses, including determining whether a company is part of a larger tax group, or which party is liable for taxes relating to an asset.²⁰

In AML, while conceptually similar, BO has come to refer exclusively to natural persons and legal vehicles. The FATF defined beneficial owners in 2012 as referring to “the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those **[natural] persons who exercise ultimate effective control over a legal person or arrangement**”.²¹ This has become a leading definition, and is often transposed into domestic legislation as individuals holding over a certain threshold of ownership or voting rights through shares, exercising significant influence or control, or deriving significant economic benefits. This definition was also adopted by the OECD's Global Forum for Tax Transparency in 2013 and is a leading definition for central registers of BO for legal vehicles.



Relevance of beneficial ownership of legal vehicles to taxation

As defined for the purposes of central registers, BO of legal vehicles is inherently relevant for taxation of both individuals and businesses. Company shares themselves are assets that represent unrealised stocks of potentially taxable wealth. They also result in taxable income, either periodically through the payment of dividends (dividend tax), or upon sale (capital gains tax). BO definitions can also include economic benefit through other means, which may also be taxable (income tax).

Individuals or legal entities may also use legal vehicles to hold taxable assets. These assets include bank accounts, which may receive and hold income from various sources – including employment remuneration (income tax) or business revenue (business tax), or real estate. Income, the transfer of assets (capital gains tax), or the assets themselves (wealth tax) may all be subject to taxation.

Legal arrangements which are used to hold and manage assets, such as trusts, are of particular significance, as they are often subject to different taxation. They constitute a specific set of relationships in BO networks – the networks of relationships between individuals, entities, and assets. Trusts feature in succession planning and inheritance, which is also often taxed (inheritance tax).

Because legal vehicles have the ability to hold and channel income and assets, they can be used to obfuscate the ownership of assets as well as flows and sources of funds.²² They may also be involved in other aspects of the tax gap, including defrauding the tax system, smuggling, and misinvoicing in trade.²³ Therefore, information about how legal vehicles are owned and controlled is inherently relevant to ensuring tax compliance and collection.

Central registers contain information on the ownership and control interests individuals have in legal vehicles, and therefore help understand the relationships between individuals and legal vehicles and, potentially, their underlying assets. However, it is not the only source of this information, and depending on how the registers are implemented, it may not be comprehensive. For instance, registers may not contain sufficient information to understand BO networks.

Moreover, other company information, such as the names of shareholders and directors, can be equally if not more relevant for certain tax enforcement use cases, and it is commonly held by company registers. This type of information partly constitutes and overlaps with BO information and is in some cases collected as part of BO disclosures, for example, where a shareholder or

director is also a reportable beneficial owner, or where information on intermediaries is collected as part of BO declarations. Tax authorities may need to rely on multiple information sources for a complete picture of the ownership and control relationships in a BO network. Therefore, both the use cases and policy considerations discussed below will consider BO information of legal vehicles from central registers along with other relevant information on relationships between individuals, legal vehicles, and assets.²⁴



Use cases for tax authorities

Due to the increasing availability of BO information for legal vehicles from central registers, there is now more focus on how this – along with other relevant information about relationships between individuals, legal vehicles, and assets – can be leveraged by tax authorities. Based on current practice and examples, this section aims to break down how this information can be used by tax authorities and support their aims, based on current practice and counterfactual examples. Broadly, it is most relevant to tax authorities for the following purposes:

1. **Closing the tax gap through better compliance:** ensuring the right tax is paid, and intervening when there is a risk of that not happening.
2. **Informing tax policy:** developing and delivering policy reforms to tax systems, underpinned by insight and analysis.

Closing the tax gap through better compliance

Compliance is a core function of tax authorities. Broadly, it relates to ensuring the right tax is paid, identifying where there is a risk of that not happening, and intervening in cases of noncompliance. The **total difference between the amount of tax that should be paid and what is actually paid** is referred to as the **tax gap** (see [Box 1](#)).

Box 1. The tax gap

There are numerous types of noncompliance that contribute to the tax gap, which can be tackled through the use of BO information.²⁵ These include **tax avoidance** and **evasion**. A common distinction between these is that tax avoidance is lawful and tax evasion is illegal. Avoidance involves bending the rules, using them in a way that was never intended, or operating within the letter but not the spirit of the law. The UK describes tax evasion as “an illegal activity where registered individuals or businesses deliberately omit, conceal or misrepresent information in order to reduce their tax liabilities”.²⁶ Aggressive tax avoidance may be the result of illicit tax and commercial practices. The line between the two is often blurred, and both may give rise to illicit financial flows.²⁷ Therefore, the term **tax abuse** can be used to refer to both.

Criminal attacks are another form of tax abuse and also increase the tax gap. This can involve organised groups attacking the tax system in a coordinated and systematic way, for example, through smuggling goods subject to tariffs, or making fraudulent claims on tax refunds such as for value-added tax (VAT). BO information can also help address other forms of noncompliance, including **error or failure to take reasonable care**, and **non-payment**.

Information about BO networks can be used to support tax compliance in several ways. First, it can help **analyse, assess, and identify risks**, raising red flags for potential cases of noncompliance. This can involve looking at patterns and behaviours across known cases of noncompliance, and it can be with respect to characteristics of or changes in ownership, or company structures involving certain types of legal vehicles. A more risk- and evidence-based approach to audits helps focus resources.



Second, the information can support **audits and investigations**, by using it as intelligence and evidence in investigations and prosecutions; creating legal liability in the case of false statements; and establishing the link between the perpetrator and the tax crime. This may also help identify additional taxpayers and tax liabilities.²⁸

Third, identifying risk can be used to **encourage compliance and behavioural change**. Tax authorities can use BO information for nudge campaigns where insufficient tax has been paid either on purpose, in error, or due to a failure to take reasonable care. For example, in one jurisdiction, the tax authority sent nudge letters to registered taxpayers who had not submitted a tax return or who had declared income as less than a certain amount, and

had ceased to be listed as beneficial owners.²⁹ The letters invited the taxpayer to consider whether “on ceasing control, [the taxpayer] may have disposed of some or all of [their] shares in the company”; if they had, the letters alerted them to the fact that they may have to pay capital gains tax, and provided an opportunity to amend their tax returns.³⁰

Finally, information about BO networks helps **collect tax debts**. For example, if a tax debt has been identified in relation to a non-resident company, information about the beneficial owner can help collect the debt. [Box 2](#) demonstrates how BO information can be used in multiple ways in a single case.

Box 2. Risk detection and investigation of tax fraud schemes in the United Kingdom

An umbrella company is a company that employs a temporary worker, often on behalf of an employment agency, dealing with taxes and payroll. In mini umbrella company (MUC) fraud, organised criminals create multiple umbrella companies, each of which artificially employs a small number of temporary workers. These are set up to pretend to be small employers and fraudulently claim tax reliefs that form part of government incentives for small businesses. The operators of mini umbrella companies then close the companies without paying the correct levels of tax.³¹

A court decision in the UK stated that in a particular investigation, all MUCs “shared common attributes such as their location, postcodes, naming pattern and ownership”, and that “the directors and [beneficial owners disclosed to the company registrar] had originally been UK nationals and residents who subsequently resigned and were replaced as directors and shareholders by individual Filipino nationals resident in the Philippines”.³² A UK national had signed incorporation documents against payments and was listed as the beneficial owner of nine of the companies before

being replaced without the UK national’s awareness.³³ The individual disclosed as the beneficial owner was interviewed by investigators, which formed part of the evidence in the case.

The decision highlights that investigators used “data science tools and techniques to analyse bulk data” to track MUCs, and “while completing a piece of work on non-resident directors, [they] identified a large number of Filipino directors with companies at the same UK Registered Offices”.³⁴ After this, the investigators “produced a monthly set of outputs to identify MUCs and the links between them” by “taking [BO] data directly from the [company registrar’s] website.”³⁵

This example shows how information about company ownership and control can be used to identify risks in real time, and the individuals can form part of investigations. For example, the incorporation of multiple companies in quick succession, sharing similar details (including the same beneficial owner), with a subsequent change in ownership may indicate a MUC fraud scheme, and may merit further investigation.

BO information is fundamentally used to understand relationships. Its use by tax authorities to improve compliance can be divided into the following categories, understanding relationships between:

- **parties and taxable assets** in cases where **assets are hidden**;
- **parties and taxable income** in cases where the **source or type of income is hidden**;

- **parties in transactions or the transfer of assets** in cases where the **relationship itself is hidden**;
- **individuals and legal vehicles in criminal attacks** on the tax system.

These categories are not necessarily mutually exclusive in individual cases of tax abuse. Rather, they highlight the value of various aspects of BO information in different cases of tax abuse. The categories are further detailed below with supporting examples.



Uncovering hidden assets

Understanding who owns which assets is critical to collecting taxes. In developing economies in particular, taxing assets is more important for equitable taxation. In these economies, more people may be engaged in informal employment than formal employment, meaning they can rely less on income tax – a progressive tax – to the extent that more formalised economies do. Studies show that VAT – a regressive tax – is the main source of income for countries in Africa, the Asia-Pacific region, the Caribbean, and Latin America.³⁶ This means that taxing assets becomes essential to prevent overreliance on VAT for revenues and more progressive taxation.³⁷

Knowing who owns assets is also critical to taxing wealth.³⁸ Many jurisdictions are considering new taxes on the ultra-wealthy. To illustrate, wealth taxes were a key policy proposal discussed during the 2024 G20 meetings, with estimates that a 2% tax on the wealth of individuals with over USD 1 billion in wealth could raise USD 200–250 billion per year globally.³⁹ The 2024 G20 Leaders' Declaration sees leaders seeking to “engage cooperatively to ensure that ultra-high-net-worth individuals are effectively taxed”.⁴⁰ In order for wealth taxes to work, it is critical to know who owns which assets (see Box 6).

Identifying taxable assets that are hidden in an attempt to evade taxes is probably the most common use of BO information for tax authorities. Historically, this was often done by offshoring assets to keep them out of sight of domestic tax authorities.

There are numerous examples of tax abuse by offshoring assets (see Box 3).⁴¹ Many of these were revealed by the Panama, Paradise, and Pandora Papers leaks. A European Union (EU) Parliamentary committee's inquiry into money laundering, tax avoidance, and tax evasion following the Panama Papers found that “the main motivations for the establishment of offshore entities most often include obscuring the origins of money and assets and concealing the identity of the ultimate beneficial owner”, as well as “the avoidance or evasion of inheritance or income or capital gains tax in the countries where the [beneficial owners] are resident [...], or leaving the assets transferred to a trust untaxed”.⁴²

Box 3. Examples of hiding connections to taxable assets

In 2021, Uganda partly recovered evaded taxes due on the EUR 1.3 million proceeds of sale of shares of a Ugandan company which were hidden in a trust in another country, of which the taxpayer was the beneficial owner.⁴³

A Spanish football player offshored image rights to Belize in the early 2000s in an alleged effort to conceal the income from these rights. This resulted in an underpayment of over EUR 2 million in tax between 2007 and 2009.⁴⁴

In the Isle of Man, there was a policy in which VAT refunds were given on the import of private jets into Europe where these were used as part of a genuine business. Multiple shell companies would be set up as part of an artificial leasing enterprise, when individuals would actually be leasing their own private aircrafts to themselves.⁴⁵ GBP 790 million was refunded between 2011 and 2017.

The ex-boss of Formula One pleaded guilty to fraud in 2023 over a failure to declare GBP 400 million held in a trust in Singapore to the UK government 18 years previously. He paid over GBP 650 million to settle the matter.⁴⁶

Having better information on the ownership and control networks behind legal entities owning financial and non-financial assets – particularly of foreign assets held by tax residents – would help quickly and proactively detect if taxable assets are hidden, and potentially deter tax abuse.

While some measures (such as the Automatic Exchange of Information (AEOI) discussed in more detail further on) have had success in tackling tax abuse through hiding and offshoring assets, this is limited to financial assets. There are concerns that tax abuse is being displaced to the hidden ownership of non-financial assets, such as real estate, the next policy frontier in tax transparency. The final section of this briefing suggests some concrete ways in which central BO registers for legal vehicles can be leveraged to enable greater transparency in the ownership and control of these assets for better tax compliance.

Revealing the source or type of income

Many taxes are levied based on the source or type of income. For example, income from employment is often taxed differently from income from selling assets or inheritance. Income from taking out a loan is often not taxed at all. Legal vehicles can be used to disguise or alter the



source and type of income, which is a form of tax abuse. Round-tripping, where funds are offshored and repatriated, is an example of this. In these cases, the funds are not hidden, but their source or type is disguised to receive

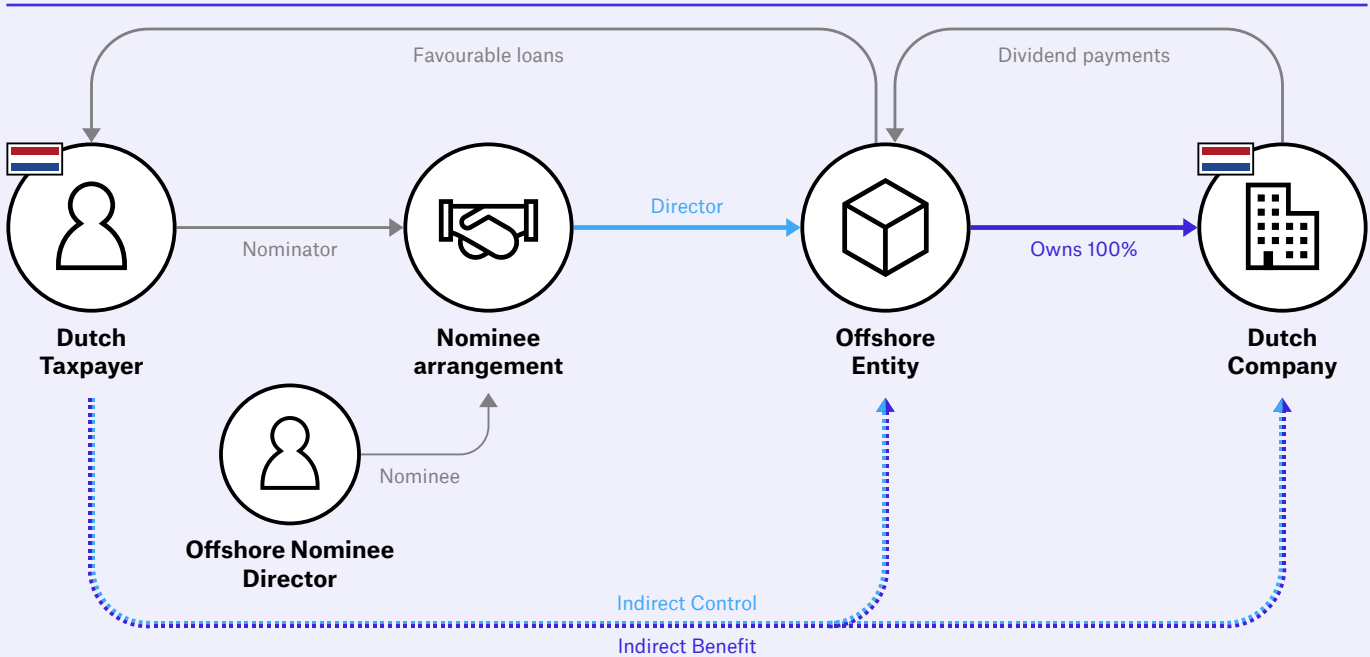
advantageous tax treatment. Similarly, individuals can conceal income from employment in so-called disguised remuneration schemes (see [Box 4](#)).

Box 4. Examples of disguising the source or type of income

In the Netherlands, a taxpayer sold his sole proprietorship of a business to a Dutch entity, owned by an offshore entity, which is controlled by the taxpayer through a nominee directorship. Payments were then made from the offshore entity to the taxpayer, disguised

as gifts or loans with favourable loan conditions (see [Figure 1](#) below). In this way, the taxpayer concealed dividend payments – subject to dividend tax – as loans, thereby evading taxation.⁴⁷

Figure 1. Disguising dividend payments as loans



Similar cases in the UK were revealed by the Paradise Papers. In one of these schemes, actors' income from employment was paid to agents – UK-registered companies – which subsequently transferred the funds to trusts and companies in Mauritius. The actors then

borrowed money from these legal vehicles at commercial interest rates. However, the loans and the interest were never repaid.⁴⁸ While loans are not taxed in the UK, income from employment is subject to up to 45% taxation and social insurance contributions.

To attract foreign investment, countries may have preferential tax regimes for non-domestic parties. Tax residents can use round-tripping strategies to disguise domestic capital as foreign investment to abuse these incentives.⁴⁹ Better understanding the BO networks behind legal vehicles can help identify cases where income is being misclassified.

may conceal a relationship, or feign one. Information on ownership and control networks – including information on both direct and indirect relationships – helps tax authorities to understand these relationships to establish how much tax is due.

Double taxation agreements

DTAs are agreements between countries to ensure that the tax residents of the treaty countries are not taxed twice, often to remove obstacles to cross-border trade and investment. An important stipulation is that the recipient of the treaty benefits (e.g. tax relief) must be the beneficial owner of the income. Without this inclusion, parties

Understanding relationships in transfers of assets

Often, transactions or the transfer of assets are subject to taxation, or have certain tax implications. Whether and how parties are connected in these transactions can affect what tax is due. In cases of tax abuse, related parties



tax-domiciled in other jurisdictions may attempt to indirectly access the benefits of a tax treaty between two jurisdictions, for example, by setting up a shell company in one of the jurisdictions.⁵⁰

For DTA enforcement, BO refers to the parties that ultimately receive the payments rather than to the natural persons behind legal vehicles. However, understanding the BO networks behind legal vehicles claiming DTA benefits can also help assess whether treaty benefits are being properly claimed in certain cases, as demonstrated in the example Canada (Box 5).

Box 5. Canada's Husky Energy case⁵¹

The Husky Energy case involved three parties disputing Canadian tax assessments related to payments of dividends: A Canadian company, Husky Energy Inc., that paid out the dividends and two shareholders registered in Barbados. The Canadian government claimed the Barbadian companies were the true beneficial owners of these dividends, which were paid initially to two Luxembourg-based companies. These companies had received Husky Energy Inc. shares through a temporary loan agreement with the Barbadian companies. This allowed the Barbadian companies to direct dividend payments to an entity in Luxembourg, for Husky Energy Inc. to take advantage of the DTA and withhold tax on the dividends at a reduced rate of 5%.

However, the Canadian government argued that the Barbadian companies were the actual beneficial owners of the dividends, and that Husky Energy Inc. should have applied a 15% withholding tax rate as per the Canada-Barbados DTA.

A Canadian court ruled partially in the government's favour, agreeing that the Barbadian companies were the beneficial owners, the reduced tax rate of the Canada-Luxembourg DTA did not apply. However, the court also determined that the Canada-Barbados DTA also did not apply. The Barbadian companies had no Canadian tax liability as they did not directly receive the dividend from a Canadian company, with payments being routed through Luxembourg instead. Therefore, the payment did not qualify for treaty relief in any jurisdiction and the correct withholding rate was Canada's domestic rate of 25%.

The ruling shows that understanding shareholder relationships between different entities, formal structures and intermediate holding companies, along with the ultimate economic benefit flows, can be essential to enforcing DTAs in certain cases.

Transfer pricing and mispricing

A strategy that can be used for BEPS involves artificially inflated or deflated transactions between two related companies in order to distort taxable income. Because of this, many jurisdictions have rules and methods for pricing transactions within and between businesses under common ownership or control, referred to as transfer pricing. Usually, this permits tax authorities to adjust the value of transactions between companies that are not at arm's length (i.e. independent) where these have been distorted, possibly in an attempt to evade or avoid tax, referred to as transfer mispricing.

For example, a United States (US) company's Chilean holding company of a number of Chilean subsidiaries was paying above-market interest rates to a Panamanian bank for a number of loans. However, the bank turned out to be an intermediary, and the US parent company was

the ultimate recipient of the interest repayments.⁵² In effect, these simulated transactions between apparently independent parties transferred profits out of Chile.

In Argentina, the tax authority *Agencia de Recaudación y Control Aduanero* (ARCA) (formerly *Administración Federal De Ingresos Públicos*) oversees the central BO register for legal vehicles. It uses both BO and shareholder information, as well as declarations to generate lists of related parties that are not at arm's length. This is checked against annual reports from companies on their related parties and used to raise red flags for certain transactions.⁵³ Information on the ownership and control networks behind legal vehicles is essential to understanding whether or not two parties in a transaction are actually at arm's length.



Hiding or feigning a transfer of assets

Two parties can transfer assets without changing the legal or direct ownership of the asset. Real estate may be indirectly owned via a company, and that company may be sold to a different party. Without access to sufficient information, it may appear that no transfer of assets has taken place, and a tax on capital gains could be evaded.

In 2007, Vodafone acquired a majority share of an Indian telecommunications business. Vodafone's Dutch holding entity acquired the Cayman Islands-based holding company that indirectly owned the Indian company. What followed was a decade-long dispute between Vodafone and the Indian government about whether this indirect transfer of assets was subject to capital gains tax.⁵⁴ While none of the holding companies were tax residents in India, the underlying assets were. Better information about company ownership networks helps establish when and how indirect transfers of assets take place.

The opposite can also reduce tax liabilities. Legal vehicles can be used to feign the transfer of assets by retaining indirect ownership during a change in legal ownership. In Australia, prior to the introduction of a capital gains tax in the 1980s, a company would sell all its assets to a second company with the same owner when it had a tax liability in so-called "bottom of the harbour" schemes. The original company would then be sold to a proxy for AUD 1, who would destroy the transaction history. The Australian Tax Office investigated this and found around AUD 1 billion in losses.⁵⁵

Countering criminal attacks

The final use case concerns criminal attacks on the tax system, where legal vehicles are often used. This can involve fraudulently claiming tax refunds – such as MUC fraud (see [Box 2](#)), non-payment of tax, or smuggling. Information on ownership structures can help detect where these are being established with the intent to commit fraud, and BO information can help track down those responsible.

For example, in the UK, a local administration was owed GBP 7.9 million in unpaid taxes from stores selling counterfeit goods. Shell companies often appeared on the licences and certificates, and neither staff in the stores nor enforcement officers could establish who the beneficial owners were behind the stores.⁵⁶ So-called phoenix companies may owe taxes, declare themselves insolvent, and set up a new company to continue the same business without tax-debts.⁵⁷ Recently introduced identity-verification requirements for beneficial owners of companies

being established in the UK are expected to help local governments find those behind businesses who do not pay their bills, and deter so-called phoenixism.⁵⁸

VAT fraud

VAT fraud has different variations. Missing trader fraud is a form of VAT fraud which involves a company selling goods to a trader free of VAT, which then sells the goods, charges VAT, and subsequently disappears, neglecting its responsibility to pay the VAT to the tax authority.⁵⁹

In VAT carousel fraud, the final purchaser resells the goods to the initial company, then applies for a VAT refund, allowing the same goods to be used in the same scheme again. The companies involved can be incorporated with the sole purpose of perpetrating the fraud, or a missing trader can use unwitting legitimate companies. In the Philippines, the government lost an estimated PHP 50 billion in a VAT fraud scheme involving "dummy corporations" acting as "ghost suppliers" to create fake receipts and fictitious purchase orders to reduce or dodge VAT obligations.⁶⁰

Information on the ownership and control of legal vehicles can both help detect companies with an increased risk of perpetrating this type of fraud based on established patterns and provide leads for investigators when the involved companies disappear. In Denmark, the company registrar, in collaboration with the Danish Tax Agency, has developed a risk model using BO information to flag companies with increased risks of engaging in VAT fraud.⁶¹

Dividend stripping

Dividend stripping can take a number of forms and may constitute fraud, but broadly refers to short-term sales around the time dividends are paid out.⁶² For example, shares can be sold to a related party, with legal ownership temporarily changing without the ultimate economic ownership or control of the shares changing, thereby avoiding dividend tax.⁶³

A form of dividend stripping is the cum-ex trading scheme, which is estimated to have cost the German treasury USD 32.6 billion.⁶⁴ In simple terms, the scheme involved parties briefly transferring *legal* ownership of shares in large companies – usually through a series of rapid trades just before dividend payouts – without transferring *beneficial* ownership. To tax authorities, there appeared to be multiple owners of the shares, but there was only one. Multiple parties would then claim refunds on the tax withheld on dividend payments and share



the profits.⁶⁵ Parties that briefly assume legal ownership without acquiring the economic interest are often not entitled to a dividend-withholding tax refund.⁶⁶

While information held in central BO registers for legal vehicles as they are currently set up would be unlikely to help with this type of abuse, accurate and up-to-date information on direct ownership of shares over time as well as ultimate control of and economic benefit from shares could help detect and prevent some of these schemes. Potential pathways towards achieving this are explored below.

Informing tax policy

Another core function of many tax authorities is to develop and deliver policy reforms to the tax system, based on analysis and an understanding of tax collected as well as potential tax to collect. BO information helps understand the distribution of wealth and assets in a country, and therefore provides insights into the real and potential tax base of an economy.⁶⁷ This can help form the basis for more progressive taxation.

Analysis of information on the ownership and control networks behind legal vehicles, including BO information, can help evaluate existing policies. It can also inform new evidence-based tax policy, as it provides insights into the concentration and distribution of taxable wealth and assets. This is illustrated by two recent examples from the UK (Box 6).

Box 6. Assessing proposals for and potential revenue gains of new tax policies in the United Kingdom

In 2020, a Wealth Tax Commission was established to provide in-depth analysis of proposals for a UK wealth tax.⁶⁸

Various reports by the Commission made use of BO information from the UK's central register, including to estimate the value and liquidity of private businesses for wealth taxation and assess to what extent UK businesses had complex ownership structures, with implications for how dividends could be extracted from businesses.⁶⁹ Another study used BO information to explore the administration of annual taxes on dwellings held within a corporate structure.⁷⁰ Finally, the Commission argued that BO information is critical to administering a wealth tax, particularly on assets such as real estate and in cases of non-resident ownership.⁷¹ It also argued that BO information would help enforce a potential wealth tax on controlling shareholdings in UK unlisted companies held by non-residents.⁷²

These findings are echoed in OECD proposals that include leveraging BO information to ensure tax authorities have better information about real estate held off-shore by taxpayers, constituting a significant amount of wealth.⁷³ This would address one of the Commission's key recommendations with respect to BO.

In 2024, a quantitative study used BO information to analyse major shareholdings to assess the potential tax gains of introducing an exit tax in the UK.⁷⁴ An exit tax is a tax on people who leave the country after making substantial capital gains while living there. While many countries have this tax, the UK currently does not.⁷⁵ In the UK, anyone emigrating after more than five years can currently take all of their unrealised gains with them fully tax-free.

By investigating major shareholders of UK companies who changed residence in the twelve-month period from April 2023 to April 2024, as well as where they went, the study was able to assess how much capital gains tax revenue was potentially lost. It found a net outflow of at least GBP 5.1 billion in shareholding value, leading to at least GBP 500 million in foregone revenue. The study found that in addition to substantial revenue lost, most leavers go to zero capital gains tax jurisdictions, and most of the tax gains come from a small number of leavers.⁷⁶ On this basis, the paper is able to make fair and economically efficient tax policy recommendations in favour of an exit tax.



Domestic and international frameworks relating to beneficial ownership information for taxation

The use cases discussed above all require BO information about both domestic and non-domestic legal vehicles. The key relevant international regulatory frameworks relating to the collection and exchange of BO information for legal vehicles are the FATF's Recommendations and the OECD's international tax transparency standards. The FATF Recommendations cover the collection of BO information of legal vehicles by central government registers and certain regulated entities as part of a broader framework for countries to combat money laundering, terrorist financing, and financing the proliferation of weapons of mass destruction.⁷⁷ Over 200 jurisdictions around the world have committed to the FATF Recommendations through the FATF membership or membership of so-called FATF-style regional bodies.⁷⁸

The OECD's tax transparency standards consist of the standard for Exchange of Information on Request (EOIR) adopted in 2009 and the AEOI, comprising the Common Reporting Standard (CRS) adopted in 2014, and the more recently adopted Crypto-Asset Reporting Framework. The AEOI and EOIR standards aim to combat tax evasion perpetrated through holding undeclared assets by enabling jurisdictions to reciprocally share information they hold about each other's tax residents. The AEOI is modelled on and a response to the US's Foreign Accounts Tax Compliance Act from 2010.

The OECD has adopted the FATF's definition of BO for the EOIR and the AEOI standards. The implementation of both FATF's Recommendations and the OECD's tax transparency standards is assessed by periodic peer reviews. The implementation reviews of the tax transparency standards are organised by the Global Forum on Tax Transparency and Exchange of Information for Tax Purposes. As of January 2025, the Global Forum has 171 members, although members are in different stages and have different timelines for implementing these mechanisms.⁷⁹

Central beneficial ownership registers and exchange of information on request

To meet the requirements of the FATF's 2022 and 2023 revisions relating to BOT for legal entities (Recommendation 24) and legal arrangements (Recommendation 25), most countries require legal entities – and, albeit to a lesser extent, legal arrangements – to disclose their BO to a central register.⁸⁰ These registers are often maintained by a company registrar, or otherwise by other agencies, including by tax authorities, as is predominantly the case in Latin America.⁸¹ In the UK, the company registrar collects BO information for all legal entities, while the tax authority collects BO information for certain trusts, initially restricted to those which had a tax implication but subsequently expanded. Tax authorities variably hold information about legal arrangements and the assets they hold.

Some countries have implemented central BO registers for broader purposes, including enabling the functioning of legal entities and preventing their misuse more generally (e.g. Latvia and the UK), enabling the use of the information for multiple purposes. Some countries specifically list tax and tax integrity as policy objectives (e.g. Australia, Brazil, and Peru).⁸² Typically, these central registers include BO information for domestic legal vehicles.⁸³ The policy objectives set by the jurisdiction generally determine – and potentially limit – how the information can be accessed and used, and by whom.

Central BO registers are also a key aspect of the EOIR. The EOIR standard includes the “identity of the legal and beneficial owners (and the identity of other relevant persons [...]) of relevant entities and arrangements” as part of ownership and identity information, along with account and banking information.⁸⁴ Many jurisdictions rely on their central BO registers to satisfy the requirements of



the EOIR standard.⁸⁵ Despite participating in the mechanism, some tax authorities report that it is difficult to get information from some jurisdictions.

While the EOIR standard uses the FATF definition of BO, it also recognises some differences: “regarding beneficial ownership information applicable under [the EOIR], it is recognised that the purposes for which the FATF standards have been developed (combatting money-laundering and terrorist financing) are different from the purpose of the standard on EOIR (ensuring effective exchange of information for tax purposes).”⁸⁶ Not all information collected as part of complying with the FATF Recommendations may be relevant to and shareable under the EOIR.

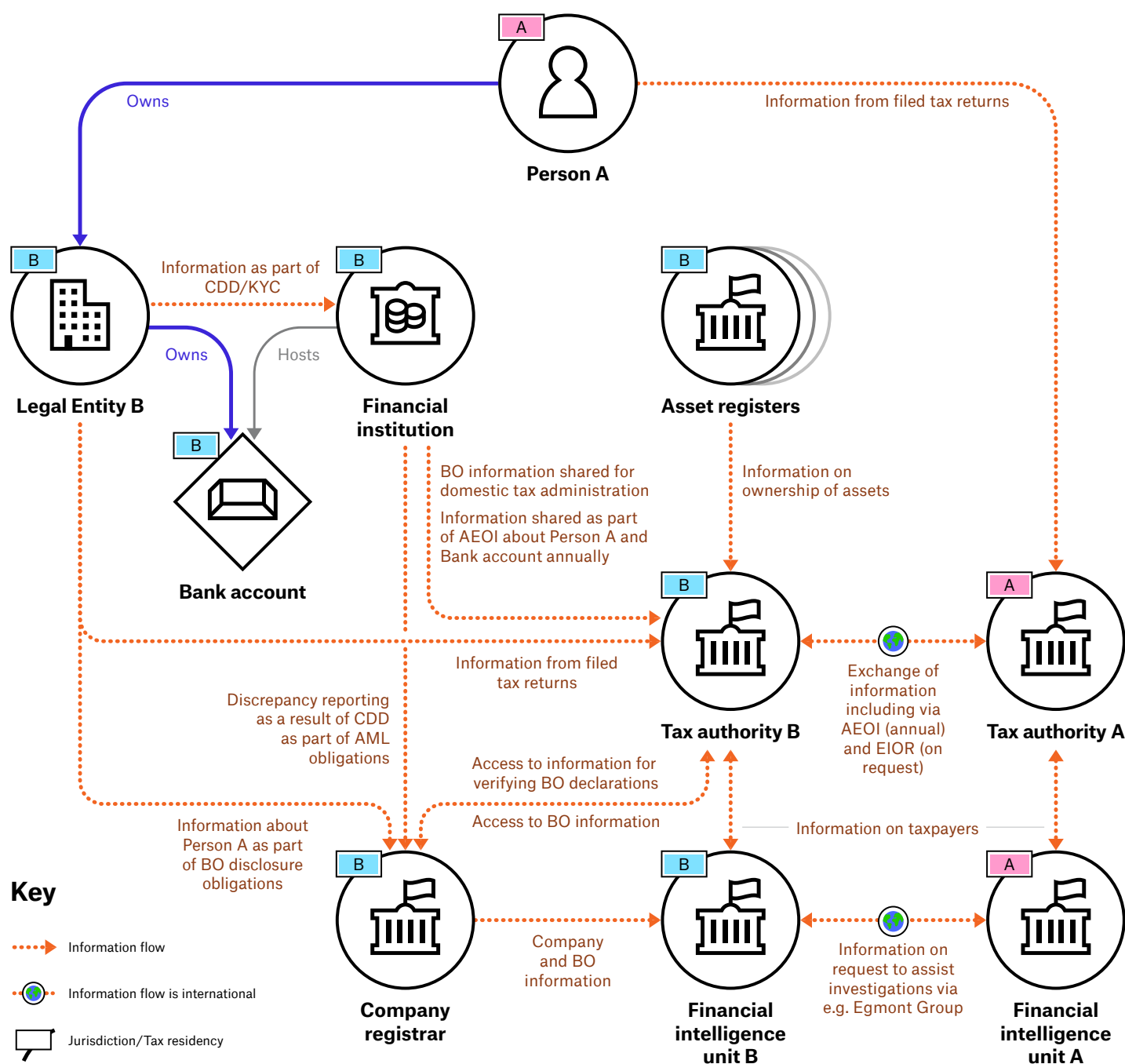
Financial institutions and the automatic exchange of information

Under Recommendation 10, the FATF requires financial institutions (FIs) and other designated non-financial businesses and professions – collectively called obliged entities – to establish the BO of their customers as part of AML statutory requirements relating to customer due diligence (CDD) and know-your-customer (KYC) checks.⁸⁷ As part of verification measures, some jurisdictions may require obliged entities to check their findings against central BO registers and report any discrepancies.⁸⁸ Some jurisdictions also allow or require obliged entities to use information from central registers as part of their statutory CDD requirements.⁸⁹

FIs also play a key role in domestic tax administration and tax transparency. In most jurisdictions, tax administrations have the authority to access information that FIs hold on taxpayers to ensure compliance, i.e. that taxpayers are reporting all taxable assets and income as well as paying the right levels of tax. FIs also play a key role in the AEOI. The information standard used by the AEOI – the CRS – includes the term “Controlling Persons”, which is aligned with FATF’s definition of a beneficial owner.⁹⁰

Under the AEOI, FIs are responsible for identifying reportable accounts. Reportable accounts are those for which the account holders or controlling persons are tax residents in a participating jurisdiction. This includes both the entities and the controlling persons when an entity holds an account that is deemed passive, i.e. receiving more than 50% of its earnings as passive income from interest, rents, dividends, and royalties.⁹¹ For information about controlling persons, FIs may rely on information acquired as part of AML obligations.⁹²

FIs report information to their domestic tax authority annually.⁹³ Information about any tax residents of participating foreign jurisdictions is then shared with the corresponding tax authority. Participating jurisdictions share information on an annual basis in bulk, which includes information on identities, including tax identification numbers, and information about the account, including a year-end balance or value and distributions made to the account.⁹⁴ Figure 2 shows the information flows between different registers, authorities, and jurisdictions, under the frameworks discussed.

Figure 2. Example of domestic and international flows of information about beneficial ownership networks

The diagram shows an example of the multiple avenues through which BO information about legal vehicles can be exchanged and used for taxation, domestically and internationally. In this illustrative example, Legal Entity B is incorporated and tax resident in Jurisdiction A, where the company registrar collects BO information for legal entities. The entity is beneficially owned by a tax resident of Jurisdiction B. The dotted lines represent domestic and international information flows.

The AEOI can help increase tax revenues.⁹⁵ The extent to which it does this depends on the quality of its implementation, including the degree of digitisation and enforcement, and the capacity of the recipient to use the information.⁹⁶ For example, a 2023 report stated an African country collected EUR 10.6 million in additional revenue by using information obtained through the AEOI.⁹⁷

However, issues identified with the AEOI include that the completeness of information and its usability can vary from jurisdiction to jurisdiction.⁹⁸ This can be attributed

to certain fields – such as dates of birth and tax identification numbers – not being mandatory, the potential duplication of information received, and because the co-ownership of accounts is not identified.⁹⁹ The information is only shared annually – at different times by different jurisdictions – and is therefore not readily accessible and up to date.¹⁰⁰ Some of these issues can be resolved through automated processes by the recipient country, which requires either in-house skills and capacity to do so or resources to rely on commercial solutions. The information that is received is reported to



be very accurate, partly attributable to the peer-review mechanism.¹⁰¹ Some tax authorities also use BO information from commercial providers.

Information that FIs hold on BO (and subsequently share through the AEOI) may not be readily comparable to that held by central registers. This can be due to several factors, including differences in legal definitions of BO in laws governing AML obligations for FIs, disclosure requirements for legal vehicles not being aligned within jurisdictions, and approaches to identifying BO not being aligned. However, more jurisdictions are aligning these definitions and including requirements for obliged entities to report any discrepancies between the outcomes of their CDD/KYC processes and information held on central BO registers for legal vehicles, and these different sources of information are slowly converging, although a single view of BO of legal vehicles is still a distant reality.

There may be some overlap between BO information received through the AEOI and the information held by the domestic central BO registers, for example, when a domestic entity has a foreign bank account and it also has beneficial owners that are tax residents in the jurisdiction. However, while this information would pertain to the same entity, BO information is most useful when it is up to date and there is a complete record of changes made over time.¹⁰² As mentioned above, information exchanged through the AEOI would only be updated annually.

Beneficial ownership information for non-financial assets

Most tax authorities have extensive access to domestic registers of assets, such as motor vehicles, land and real estate, as well as vessels. These registers often contain information on the legal ownership of such assets. Assets may be held by a legal entity or a trustee on behalf of another individual or legal entity, and registers often do not contain information on who ultimately owns, enjoys, profits from these assets. At the domestic level, some jurisdictions require the disclosure of the beneficial owners behind entities involved in the transfer of property. In Argentina, for example, notaries involved in the transaction are required to report this to the real estate register.¹⁰³ Where legal vehicles are based abroad, this can pose a particular challenge.¹⁰⁴

There is evidence that international tax transparency measures have led to a reduction in cross-border bank deposits held in tax havens, suggesting that these have been successful in reducing tax evasion through holding undeclared financial assets in foreign bank accounts.¹⁰⁵

Research suggests that the implementation of the CRS may lead to a significant shift in wealth held in financial assets to real estate investments.¹⁰⁶ As a result, there is an increasing focus on transparency in and access to information about the ownership of assets, specifically real estate.

In a 2024 report, the OECD noted that “under existing international legal instruments jurisdictions are generally required to exchange available real estate information upon request for tax purposes”, however, “jurisdictions are not obliged to ensure the availability and access to such information and therefore not all jurisdictions’ tax administrations have ready access to such information. Moreover, the scope of spontaneous and automatic exchanges of information on real estate remains limited at present”.¹⁰⁷

As a result, the OECD is exploring solutions to ensure the availability of up-to-date BO information on real estate.¹⁰⁸ The EU has already taken steps towards this, requiring member states to set up a single access point to “information which allows for the identification in a timely manner of any real estate property and of the natural persons or legal entities or legal arrangements owning that property” by all domestic competent authorities by 2029.¹⁰⁹ Additionally, the EU requires the registration of the BO of all foreign entities that own real estate with retroactivity until 1 January 2014, similar to the UK’s Register of Overseas Entities (ROE).¹¹⁰ Information on asset ownership by non-resident entities and offshore asset ownership by residents is key information for tax authorities. To address this, there are also calls for a global asset register for tax purposes, both by civil society and multilateral actors, although it is not clear what shape this would take.¹¹¹



Policy considerations

The Open Ownership Principles provide a framework for effective BO disclosure, outlining the elements that influence whether the implementation of BOT reforms can generate high-quality and reliable data, maximising usability.¹¹² The Principles provide a guiding framework for jurisdictions seeking to implement central BO registers for legal vehicles in order to support effective taxation.

Building on this framework, the following section sets out broad implementation considerations which can make BO information more useful and usable for tax authorities.

A whole-of-government approach

Taking a whole-of-government approach to implementing centralised BO registers for legal vehicles involves **creating a single platform for various authorities to access information** to meet a range of different policy aims.¹¹³ In many jurisdictions, multiple government agencies collect BO information according to their own definitions. This can have a number of drawbacks. It can lead to a higher compliance burden and confusion for those that need to comply, and it also fails to leverage government-wide resources and registers to verify information. Both of these may lead to lower-quality information. Additionally, a government may hold conflicting information on the same legal vehicle, unable to confirm which one is incorrect, and unable to consolidate the information due to definitional differences.

Governments should work towards a single, accurate view of the ownership and control of legal vehicles. Accuracy of information can be a significant barrier for tax authorities. Tax authorities can both benefit from and significantly contribute to verification mechanisms, as they are likely to hold relevant information that BO declarations can be verified against.¹¹⁴ A whole-of-government approach can ensure the resources of various government agencies are leveraged to ensure the information is accurate.

Legislating for a whole-of-government approach means **anchoring a broad and foundational purpose for the reforms in law**. Legislating for ensuring the proper functioning of legal vehicles, their transparency, and preventing their misuse will enable BO information to be used for multiple policy aims.¹¹⁵ Currently, many jurisdictions are implementing BO registers for legal vehicles for relatively narrow purposes, such as AML. Legislating for these purposes often legally restricts the use of information in other areas, limiting the effectiveness of the register. Even if other users can access the information, if they have not been included in the implementation process to identify and factor in their needs, the information may not be as useful to these parties as it could be. For example, central BO registers may not collect identifiers that allow tax authorities to match individuals and entities to their own information. Where tax authorities are not in charge of the central BO register for legal vehicles themselves, they **should be involved from the early stages of BO implementation to ensure their specific needs are met**.¹¹⁶ Conversely, jurisdictions that have only pursued tax objectives through BOT and housed central registers with tax authorities will likely limit the potential to use BO information for other purposes.

All relevant domestic authorities should be given direct access to necessary information based on user research. In a 2024 survey about the use of information on the ownership of shares and real estate, the Norwegian Tax Administration found that “information about ownership is important for the performance of the social missions of many authorities and is used for several different purposes”, including supervision, taxation, national security, local government, and effective administration, and that these all require better access.¹¹⁷

In some countries, such as the Philippines, access by the tax authority to BO information from the central register is still conducted manually and on request. It can take weeks or months for a reply, severely limiting its usefulness. Improving the efficiency of this information



exchange has been identified as an objective within the Philippines reform plans for 2025.¹¹⁸ By contrast, Indonesia's Directorate General of Tax has direct access to the central BO register held by the Ministry of Law.

Where BO information for legal vehicles is made available to users beyond government users, this can enable civil society actors including academics, researchers, and advocacy groups to help contribute to tax integrity. This can include identifying cases of noncompliance and conducting supporting analysis. For example, the policy analyses in [Box 6](#) were both conducted by civil society groups. Investigative journalists and advocacy groups have played a key role in analysing and investigating various parties in various leaks as well as highlighting tax loopholes.¹¹⁹

A comprehensive approach to understanding asset ownership

BO information partly overlaps and should be considered along with other types of information, including information from shareholder, trust, and asset registers, to see how these can be brought together to better understand networks of relationships between individuals, entities, and assets. A comprehensive approach involves reducing redundancy and the compliance burden while improving understanding and quality.

Legal arrangements

Although there has been significant progress with the implementation of central BO registers for legal entities, those for trusts and other legal arrangements are less prevalent. Many jurisdictions do not have registration or disclosure requirements for legal arrangements, obfuscating relationships between individuals and assets, and making it difficult to assess the scope of assets owned via legal arrangements. The recommendations set by the FATF do not require either registration or the central collection of information.¹²⁰

In many jurisdictions, the ownership of assets through legal arrangements is still subject to less transparency than assets owned through legal entities.¹²¹ This also means that increased transparency in ownership and control through legal entities may risk displacing tax abuse to asset ownership through legal arrangements.

Within BO networks, trusts are a type of relationship between different parties – individuals or legal entities – and an asset.¹²² Trusts assets can include stakes in legal entities, and legal entities can be party to a trust. Therefore, it is necessary to treat both legal entities and

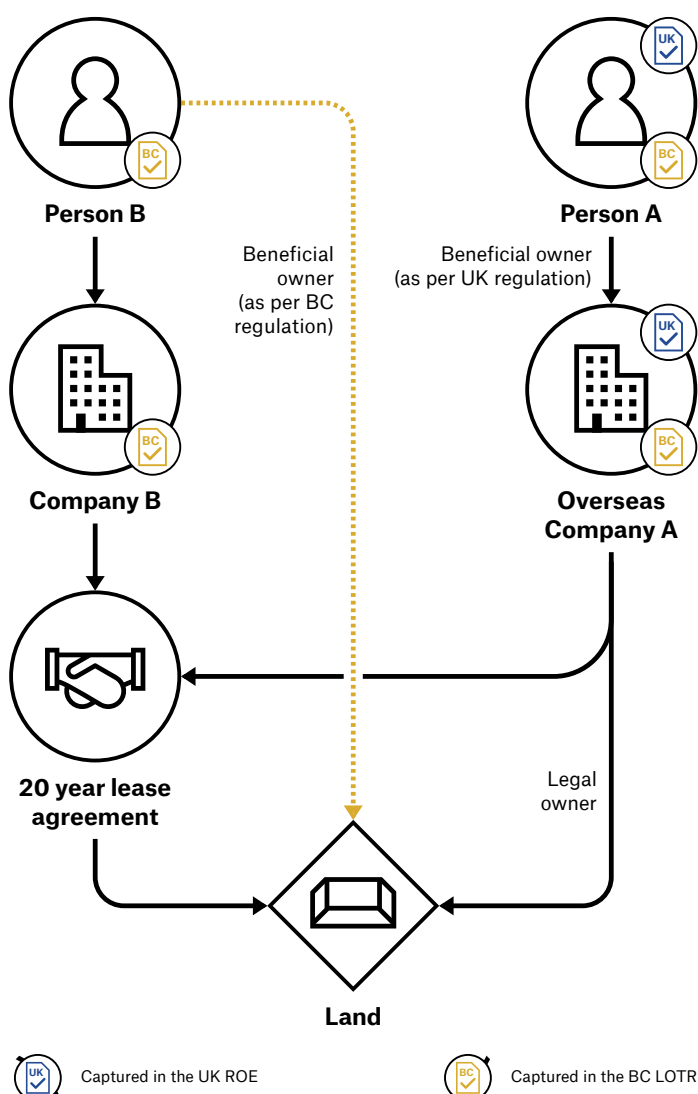
arrangements collectively as legal vehicles, and to bring more parity to registration and disclosure requirements for both entities and arrangements as part of a comprehensive approach. In 2024, the EU was one of the first jurisdictions to introduce parity in registration and BO disclosure requirements, as well as access to BO information, for legal entities and arrangements.¹²³

Leveraging asset registers

For many of the use cases discussed in this briefing, information about the ownership and control of legal vehicles needs to be connected to information about assets. Jurisdictions tend to have registers for different asset classes – e.g. land and real estate, motor vehicles, and vessels – collecting a range of information, often including legal ownership.

To have better visibility of ultimate ownership and control of these assets, a small number of jurisdictions have implemented BO registers for assets. For example, the Canadian province of British Columbia (BC) and Scotland have set up these registers for land.¹²⁴ The registers collect information on the beneficial owners of the assets themselves. Other jurisdictions, like the UK, have set up BO registers for the legal owners of assets.¹²⁵ In Argentina, professionals involved in transactions of a range of assets, including land, involving entities report BO information to respective asset registers.¹²⁶ These different approaches may yield different information, which can affect how the information can be used or combined (see [Figure 3](#)). These pioneering initiatives provide lessons to sketch a way towards better asset transparency.

Figure 3. Diagram showing the difference in scope between the Land Ownership Transparency Register (British Columbia, Canada) and the Register of Overseas Entities (United Kingdom)



In this example, both the UK's ROE and BC's Land Ownership Transparency Register (LOTR) would collect information on Overseas Company A as a registered legal owner, including its beneficial owner, Person A. Only the LOTR would capture information on Person B, which has an indirect interest in the land through a lease agreement with Company B, making Person B a beneficial owner of the land under BC legislation. By contrast, the ROE would only capture information about the beneficial owners (as per UK legislation) of the legal owner of the land, where this legal owner is an overseas company.

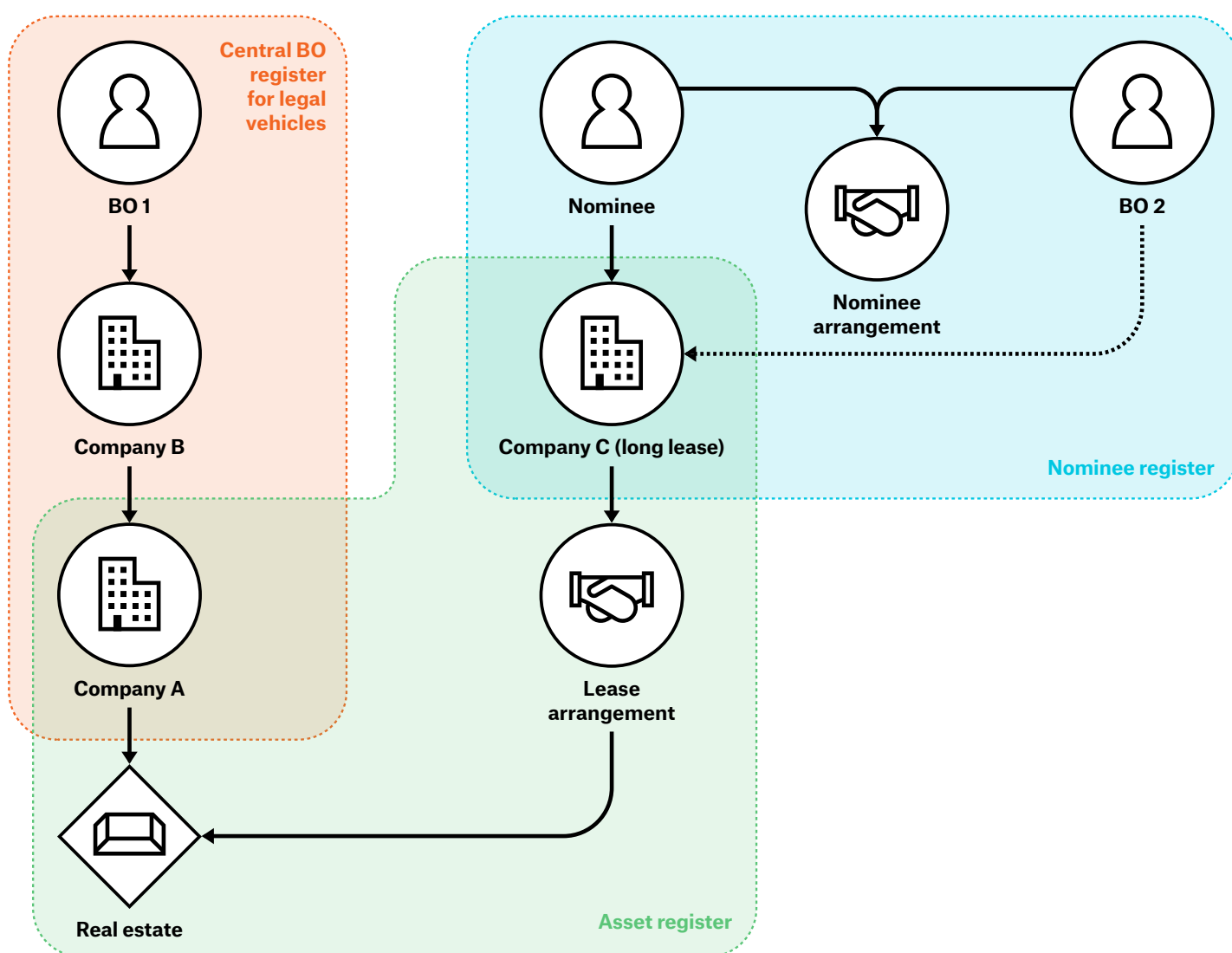
BO registers for different asset classes may end up collecting information on indirect relationships between individuals and assets without collecting information on intermediaries that may be relevant to tax authorities. However, if asset registers were to start collecting information about intermediaries, there could be significant redundancy of information collected by BO registers for legal vehicles, which may be resource intensive or impossible to compare and consolidate. It would also raise the compliance burden significantly, as legal vehicles may need to report similar information to different government agencies, potentially with different definitions

and rules. The collection and verification of information on indirect interests also requires skills and resources that may be better invested in agencies responsible for collecting direct and indirect ownership and control information for legal vehicles, as part of a whole-of-government approach.¹²⁷

Combining information about relationships between people, corporate vehicles, and assets within and across borders efficiently and at scale requires some degree of **legal and technical standardisation**. Significant progress has been made to achieve this for legal vehicles.¹²⁸ For example, legal definitions of BO have been more or less standardised across different frameworks and jurisdictions. Data standards are also being developed to readily combine this information.¹²⁹

However, this is not yet the case for other asset classes. In order to **leverage the progress made with BO of legal vehicles**, it would seem sensible to **avoid the creation of BO registers for every separate asset class**, given the divergence in interests and legal definitions. Instead, jurisdictions wishing to have a clearer picture of the ultimate ownership and control of assets could **prioritise connecting BO information for legal vehicles to information on direct interests in asset registers at scale** (see Figure 4). This approach is supported by the OECD with respect to real estate: "enhancement to tax transparency could be achieved by associating [...] direct ownership information [of real estate] with beneficial ownership information, in cases where the real estate is owned by a legal entity".¹³⁰

Figure 4. Example connecting beneficial ownership information for legal vehicles to information on direct interests related to assets



Information on direct interests (legal ownership of the asset, a long lease to another party) in real estate are collected in an asset register, and connected to BO information of legal vehicles, and nominees. Where legal entities appear in multiple registers, unique identifiers can help connect the information.

To realise this approach would require **defining a common set of minimum information to be included in domestic asset registers**. Critically, this information must **include reliable identifiers for individuals and legal vehicles** so they can be matched across datasets.¹³¹ The minimum information should **include legal ownership and additional interests that may be relevant to collect for different asset classes**. For example, long-term leases for or the right to use land in the case of real estate, or operators for vessels.

Many asset registers also have a constitutive effect – the fact that ownership is recorded on the register gives legal right to the asset – ensuring accurate and up-to-date information. This is in contrast to a BO register, which is made up of statements, or claims about certain relationships that can be incorrect and difficult to verify. To this end, asset registrars should be involved in the

implementation of central BO registers for legal vehicles to ensure this information can be readily connected. **All registers should be digitised, with structured and machine-readable information**. This is not the reality in many jurisdictions, and is a longer-term aim that will take time and resources. Prioritising certain registers, such as real estate, may be a sensible approach.

Combining BO information for legal vehicles with information on direct interests related to assets is a more effective way to understand BO networks than combining BO information for different asset classes. It is easier to comply with and simpler to verify for accuracy. There is less redundancy of information collection, and it allows jurisdictions to leverage the progress made with BO registers for legal vehicles.



Understanding beneficial ownership networks

BO disclosure requirements fundamentally aim to provide information to understand relationships between individuals and assets for a range of governance objectives, including understanding how legal vehicles operate within society and preventing their misuse. Tax authorities need to understand these relationships to achieve better compliance and inform tax policy. These assets may be legal vehicles themselves (for example, company shares) or otherwise form part of relationships between individuals and assets owned by or through the legal vehicles (for example, assets held through a trust). Many of the use cases presented in this briefing require visibility of full BO networks behind legal vehicles and good legal ownership information. Research shows that this also applies to use cases in other policy areas.¹³²

The 2024 survey conducted by the Norwegian Tax Administration echoes this, stating that in cases of complex ownership structures:

Public authorities must obtain information from several different sources, including their own data, registers, third-party information and from the companies. This makes it challenging for public authorities when, in their task solving, they encounter complicated ownership structures across national borders, real estate in Norway that is owned through a company structure where the ultimate owner is hidden, and in other facilities, such as active ownership funds and other facilities for collective investments.¹³³

Depending on the level of information collected, BO disclosure can help improve visibility of full BO networks. Where good information on shareholders is available, it can be combined with, and used to verify, BO information to effectively understand more extensive networks of ownership and control without increasing the compliance burden of BO disclosure. To illustrate, in the example in [Box 6](#), shareholder information may have provided a more accurate analysis, good shareholder information was not available whereas BO information was. **Jurisdictions should consider reforms to ensure high-quality shareholder information – such as through a centralised shareholder register – can complement BOT reforms.** These registers could even be given constitutive effect, where information recorded on the register provides the legal rights to the asset, as is the case with many real estate registers. This ensures information is accurate and up to date.

Details on both direct and indirect relationships contained in BO and shareholder information can be further enriched with information on legal arrangements as well as nominee shareholder and director

relationships.¹³⁴ The automatic connecting and consolidation of these various information sources will help understand full BO networks without requiring all this information to be collected in a single register.

From exchange to access of information

Currently, tax transparency and the sharing of BO information for legal vehicles mostly operate on the principle of information exchange between jurisdictions. Information is transferred between jurisdictions on demand or in bulk-data transfers on an annual basis. While a significant step forward, this also has obvious drawbacks. The information is not always up to date, it is exchanged by different jurisdictions at different times, and it may take significant resources and capacity to use effectively.¹³⁵ Instead, the objective should be for relevant users to have have direct access to relevant information, including BO information of legal vehicles and information about direct interests related to assets. Tax authorities would be able to do their jobs more effectively if they could look up information about relationships between legal vehicles, individuals, and assets when they need to, or ingest this into their systems and combine it with other relevant information.

In practice, there may be challenges with this approach. For example, ARCA has a sophisticated IT system which safeguards the information of the tax administration, and access to external databases by tax officials is limited. Information from the AEOI can be imported into the system and matched with information held by ARCA. However, information from external databases is accessed on a case-by-case basis, and cannot be imported into the system and matched in bulk. Therefore, it is used for risk assessment in only a limited number of cases.¹³⁶

Legal and technical frameworks for accessing information within and across borders need to be further developed. This is already being explored by the OECD for real estate. In reports from 2023 and 2024, the OECD mentions the interconnection of BO registers for legal vehicles at the EU level, and states that “it could be contemplated to then associate the direct, legal ownership registers [for assets] and the beneficial ownership registers [for legal vehicles] with each other, in order to be able to obtain the beneficial ownership information in respect of real estate abroad through a single search”.¹³⁷ The authors add that “[w]ith the above enhancements, tax administrations would be able to get efficient, up-to-date and targeted access to both direct ownership and beneficial ownership information in respect of foreign real estate held by their taxpayers. As such, this approach could address the challenges



identified and could be an alternative to a model of exchange of information, allowing information to be retrieved real-time, whenever needed by a tax administration”.¹³⁸ The reports summarise distinct advantages, including speed of access, data minimisation, and applicability to other agencies and policy areas.¹³⁹

A global asset register

The idea of a global asset register is being explored by civil society and in fora such as the UN’s Financing for Development process as a proposed mechanism to support G20 and UN goals on taxation.¹⁴⁰ There are suggestions that this could be achieved “through inter-connecting all national beneficial ownership registries in the world”, requiring “the creation of national beneficial ownership registries which will systematically gather beneficial ownership information across all asset types at the national level”.¹⁴¹ There are currently significant barriers to being able to do this because of divergence in frameworks and information being collected. It is reasonable to assume the heterogeneity of how assets can be owned, controlled, and benefited from is even larger than that for legal vehicles, which has seen some degree of standardisation.

While the approaches discussed above apply to real estate, where the most progress has been made, they can also be extended to additional asset classes. The approach set out here – standardising and leveraging central BO registers for legal vehicles, standardising the information collected on direct interests by asset registers at the national level, and connecting this information at scale – may also provide a blueprint for the creation of a global asset register. This approach may be more effective and lead to higher-quality information than jurisdictions collecting information about non-domestic legal vehicles owning particular assets themselves (such as the UK ROE), as authorities will be best placed to ensure information is accurate for domestic legal vehicles.¹⁴² Until information is shared effectively across borders, these types of registers may still be useful in the short term.



Conclusion

BO is a core concept in tax, and tax authorities have been using information about the BO of legal vehicles and assets in some form for decades. The implementation of central BO registers for legal vehicles in most jurisdictions over the past decades provides additional opportunities for tax authorities to use this information systematically, proactively incorporating the use of the information into their processes to more effectively achieve their aims.

BO information can help tax authorities close the tax gap through improving compliance, allowing them to identify and understand risk, conduct audits and investigations, and change behaviour. It can also help shape evidence-based tax policy and contribute indirectly to tax authorities' objectives by improving broader systemic integrity.

To achieve these aims, jurisdictions should take a whole-of-government approach to implementing central BO registers for legal vehicles, pooling government resources for a shared and single view of high-quality information on ownership and control networks behind legal vehicles. BO disclosure regimes should contribute to a comprehensive understanding of the networks of relationships between individuals, legal vehicles, and assets – BO networks – along with other complementary measures and information. This means legal arrangements should be subject to registration and disclosure requirements, and information should be combined with shareholder and nominee information where possible. To leverage progress with BO registers for legal vehicles, asset registers should focus on direct ownership and interests, collecting a common set of minimum information and including reliable identifiers so this information can be combined at scale. Finally, legal and technical frameworks for accessing information within and across borders should be developed.

Better understanding better how individuals, legal vehicles, and assets relate to each other – within and across borders – will help ensure governments collect the right amount of tax and can tax fairly in order to reinvest in social infrastructure and public services.



Endnotes

- 1 Legal entities (such as companies) and legal arrangements (such as trusts) are collectively referred to in this briefing as legal vehicles.
- 2 Maria Leonor Rodriguez Pratt, *Implementación del beneficiario final en economías en desarrollo: El caso de Argentina y sus vínculos con América Latina* (Red de Justicia Fiscal de América y el Caribe, 2023), <https://justiciafiscal.net/documento-implementacion-del-beneficiario-final-en-economias-en-desarrollo-el-caso-de-argentina-y-sus-vinculos-sobre-america-latina/>.
- 3 While also called revenue services or tax agencies, this briefing will generally use the term tax authorities.
- 4 United Nations Department of Economic and Social Affairs (DESA), *Elements paper for the outcome document of the Fourth International Conference on Financing for Development* (DESA, 2022), 2–4, https://financing.desa.un.org/sites/default/files/2024-11/FfD4%20Elements%20paper_Nov%2022.pdf.
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