

Disclosure of ownership structures and beneficial owners

Problems – Solutions – Presentation of the practical Handbook

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Problems

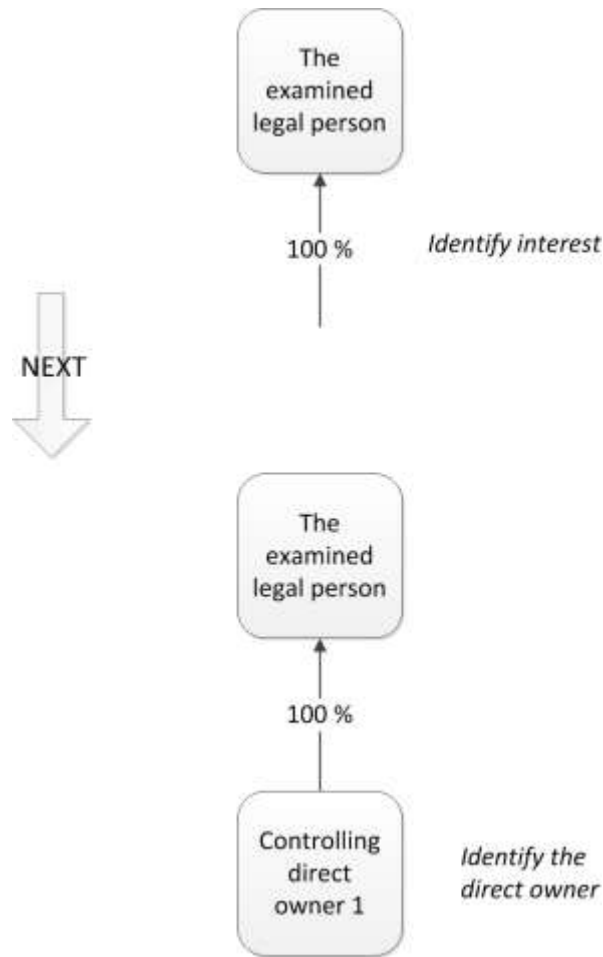
- ▶ **Problem 1: How to find an unknown ownership structure and beneficial owners?**
 - Handbook for disclosure of ownership structures and beneficial owners

Identification of the ownership structure (1)

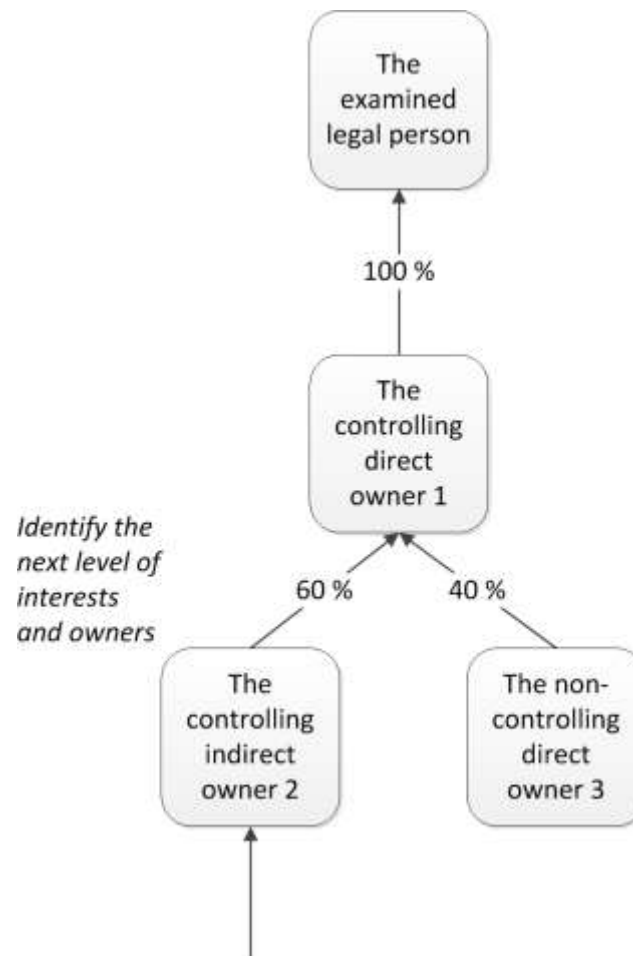
The
examined
legal person

*Point of
departure in the
investigation*

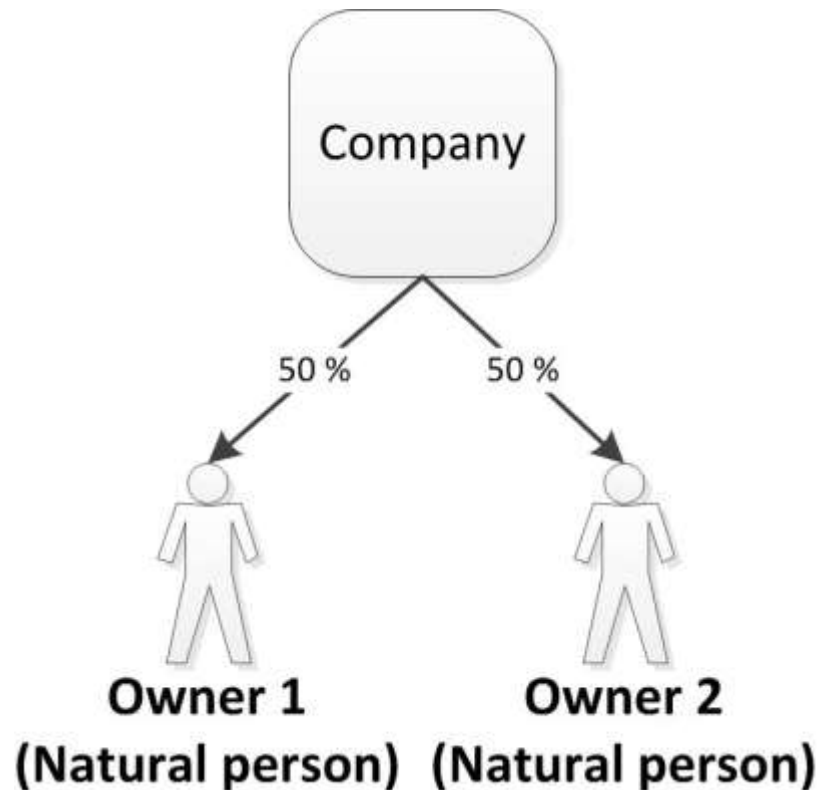
Identification of the ownership structure (2)



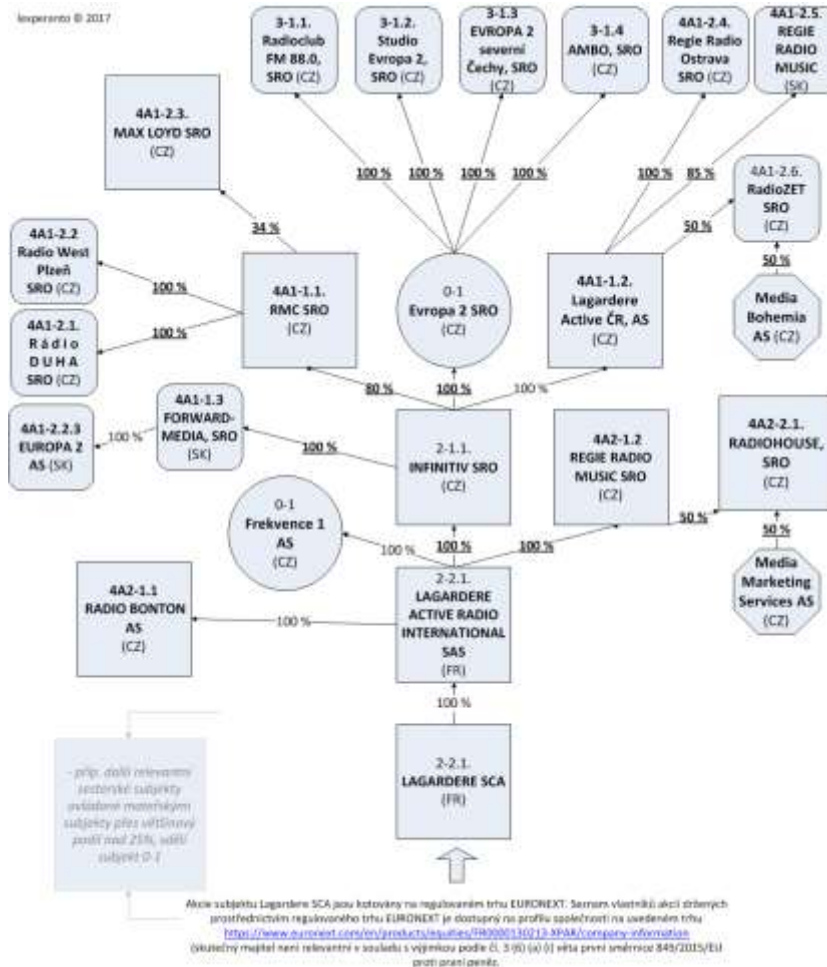
Identification of the ownership structure (3)



In other words, investigation of this structure is easy ...



...but investigation of this structure is more and more complex.



<http://www.taxparency.eu/en/structures>

Problems

- ▶ Problem 1: How to find an unknown ownership structure and beneficial owners in case of a complex ownership structure ?
 - Handbook for disclosure of ownership structures and beneficial owners

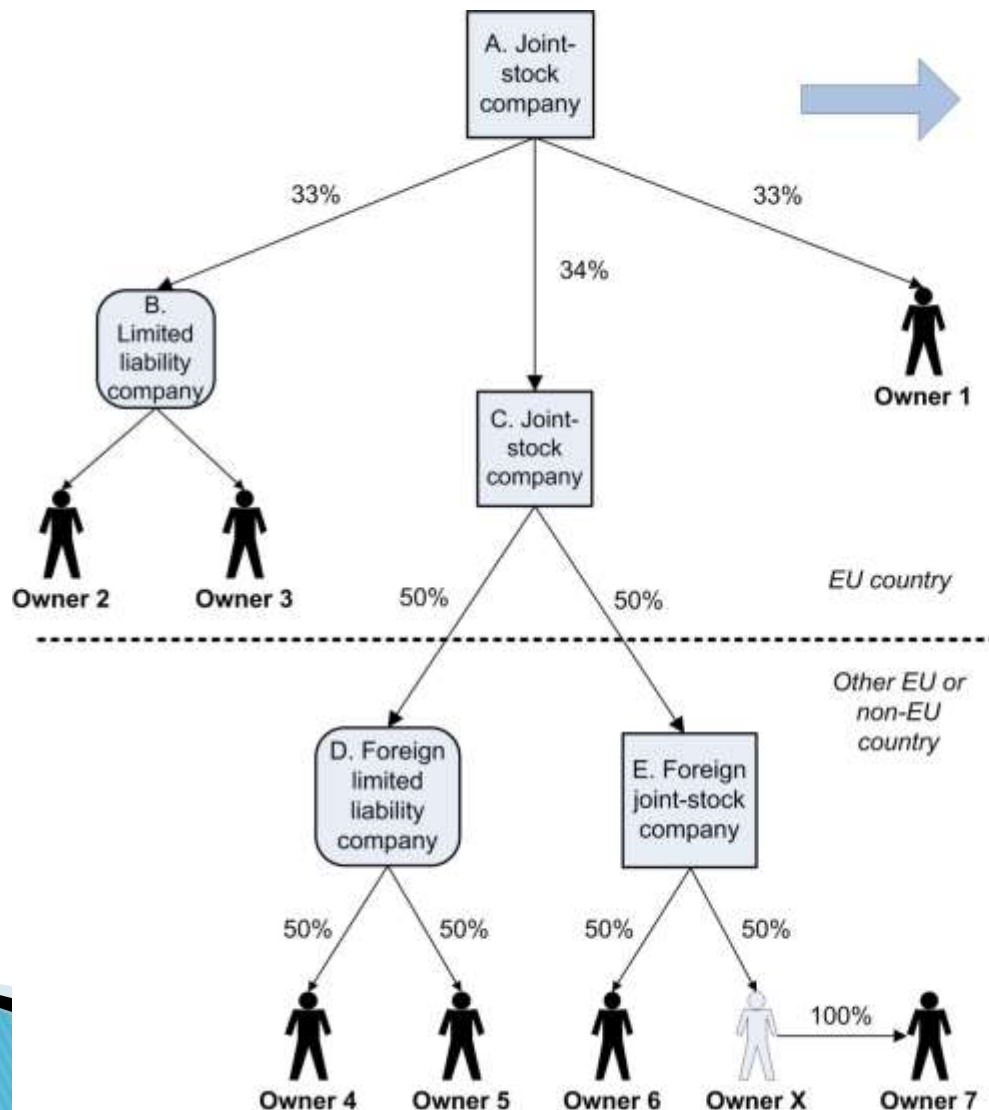
Identification of the ownership structure

- ▶ About the problems with identification of ownership structures and beneficial owners and its solutions will later on be:
- ▶ **Panel 1 – HOW TO IMPROVE TRANSPARENCY OF CORPORATE OWNERSHIP STRUCTURES AND BENEFICIAL OWNERS in the ANTIMONEY LAUNDERING AREA and GRANTING OF EU FUNDS**

Problems

- ▶ **Problem 2: How to verify that a disclosed ownership structure and beneficial owner is disclosed correctly?**

Verification of the ownership structure (1)



DESCRIPTION OF THE CORPORATE STRUCTURE

A. Joint-stock company

I. Shareholding level

- B. Limited liability company (33%)
- C. Joint-stock company (34%)
- Owner 1 - final (33%)**

II. Shareholding level - B. Limited liability company

- Owner 2 - final (50%)**
- Owner 3 - final (50%)**

II. Shareholding level - C. Joint-stock company

- D. Foreign limited liability company (50%)
- E. Foreign limited liability company (50%)

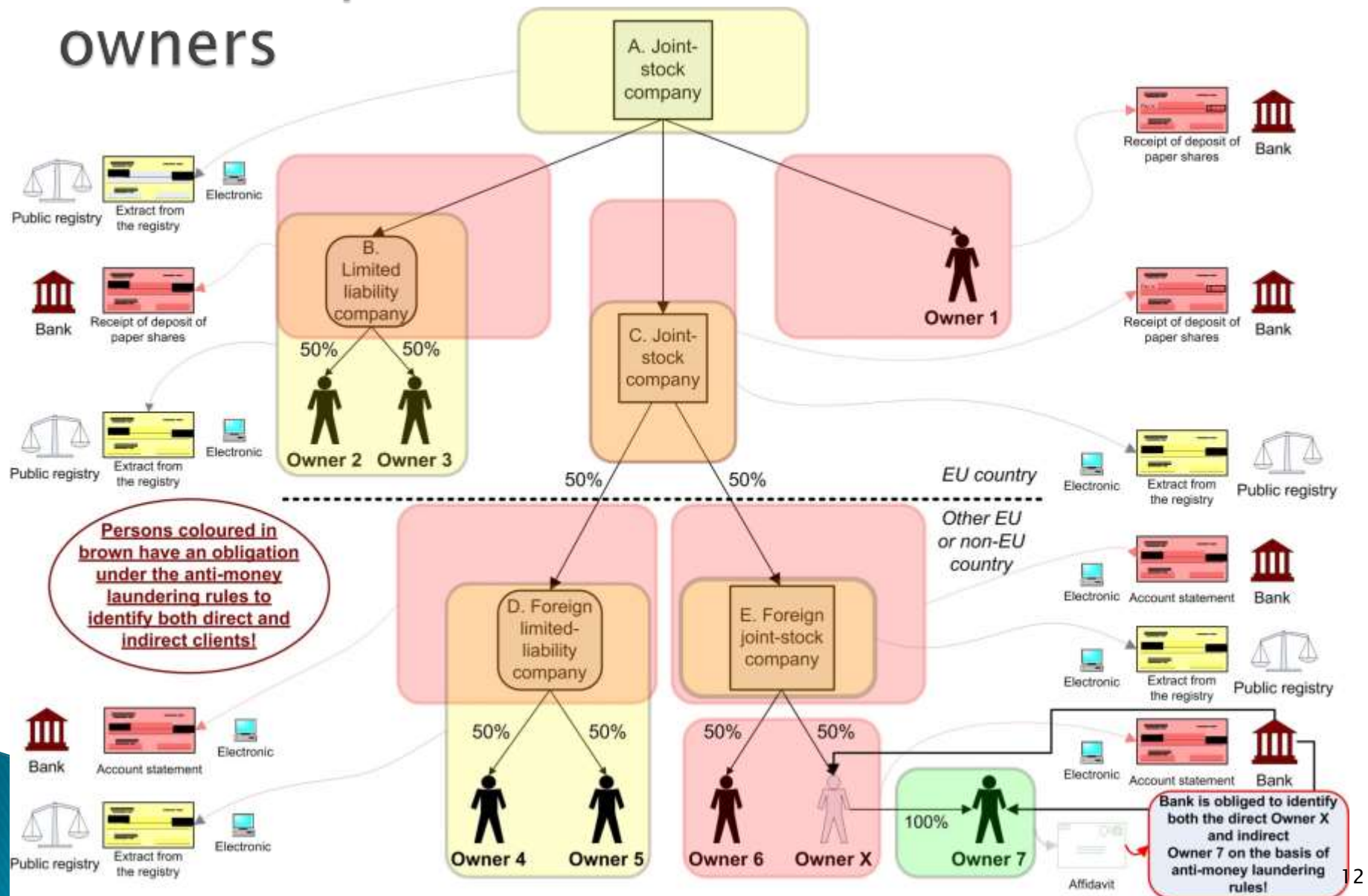
III. Shareholding level - D. Foreign limited liability company

- Owner 4 - final (50%)**
- Owner 5 - final (50%)**

III. Shareholding level - E. Foreign joint-stock company

- Owner 6 - final (50%)**
- Owner X (50%) =>
-> **Owner 7 - final (50%)**

Submission of evidence on the declared ownership structure and beneficial owners



Problems

- ▶ **Problem 2: How to verify that a disclosed ownership structure and beneficial owner is disclosed correctly?**
 - Practical Guide for disclosure of ownership structures / beneficial owners
 - Transparency ID (ownership structures / beneficial owners): certification of disclosed ownership structures:

www.taxparency.eu

Identification of the ownership structure

- ▶ About the problems with verification of ownership structures and beneficial owners and its solutions will later on be:
- ▶ **Panel 2– HOW TO IMPROVE TRANSPARENCY OF CORPORATE OWNERSHIP STRUCTURES AND BENEFICIAL OWNERS IN THE EU CORPORATE TAX POLICIES?**

Handbook for disclosure of ownership structures and beneficial owners

Step-by-step process

STEP 1: Verification of the status the examined legal person

STEP 2: Identification of interests in the examined legal person and their composition

STEP 3: Identification of direct owners of interest?

STEP 4: Identification of relevant documents evidencing the owner

STEP 5: Identification of relevant documents evidencing the interest

STEP 6: Marking of non-controlling and controlling subjects

REPEAT ONLY UNTIL BENEFICIAL OWNERS REMAIN

Learning e-tool

- ▶ Interactive electronic solution which purpose is to help relevant the authorities to have a concrete idea on the investigated ownership structure / beneficial owners and on documents on ownership structure / beneficial owners that have to be obtained
- ▶ Completes, but not replaces the Handbook for identification of ownership structures
- ▶ No use of real data = no need for data security nor data protection

Handbook for disclosure of ownership structures and beneficial owners

Step-by-step process

STEP 1: Verification of the status the examined legal person

STEP 2: Identification of interests in the examined legal person and their composition

STEP 3: Identification of direct owners of interest?

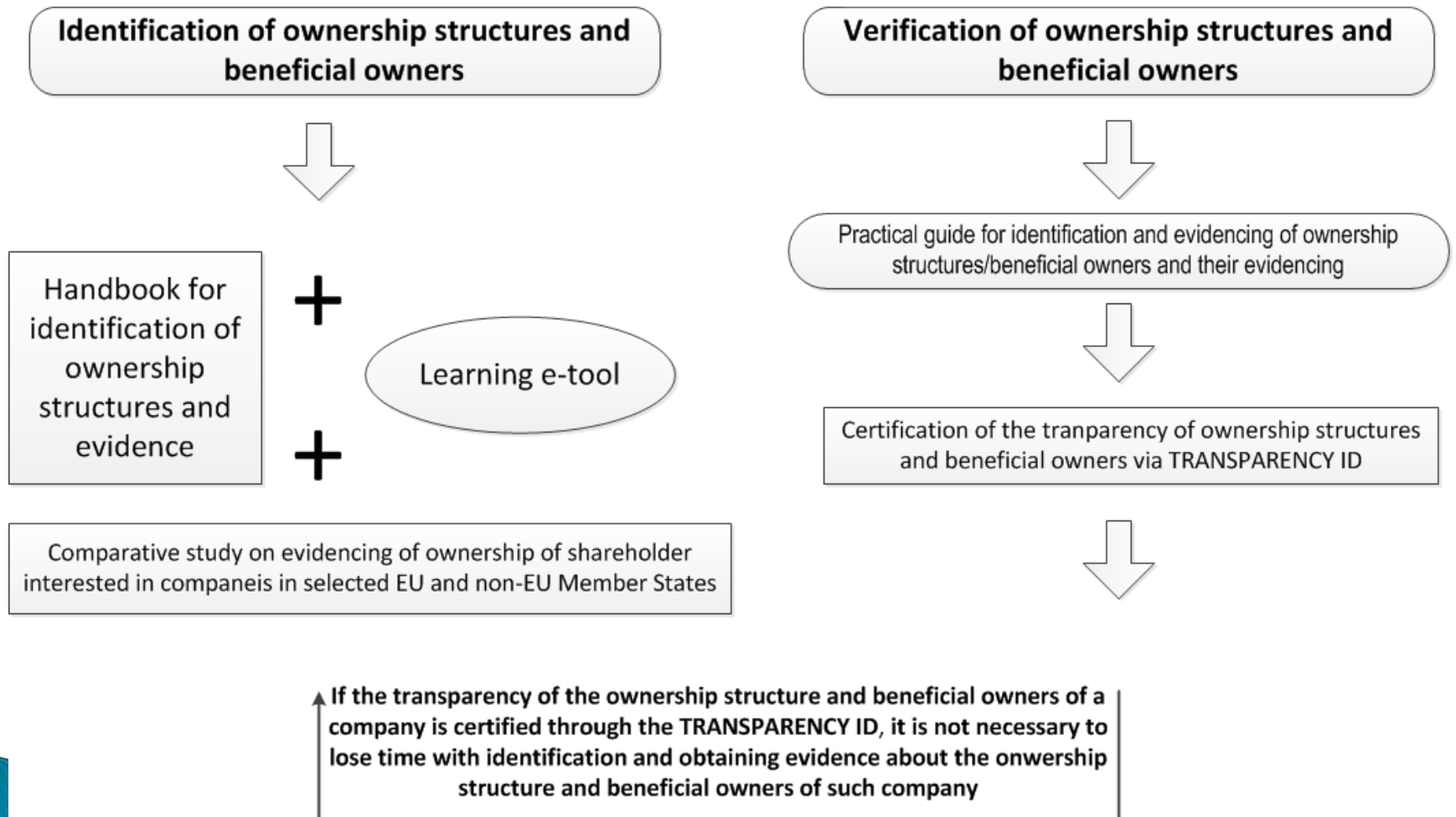
STEP 4: Identification of relevant documents evidencing the owner

STEP 5: Identification of relevant documents evidencing the interest

STEP 6: Marking of non-controlling and controlling subjects

**REPEAT ONLY UNTIL BENEFICIAL OWNERS REMAIN
or other exceptional situation arises**

Solution of the problems



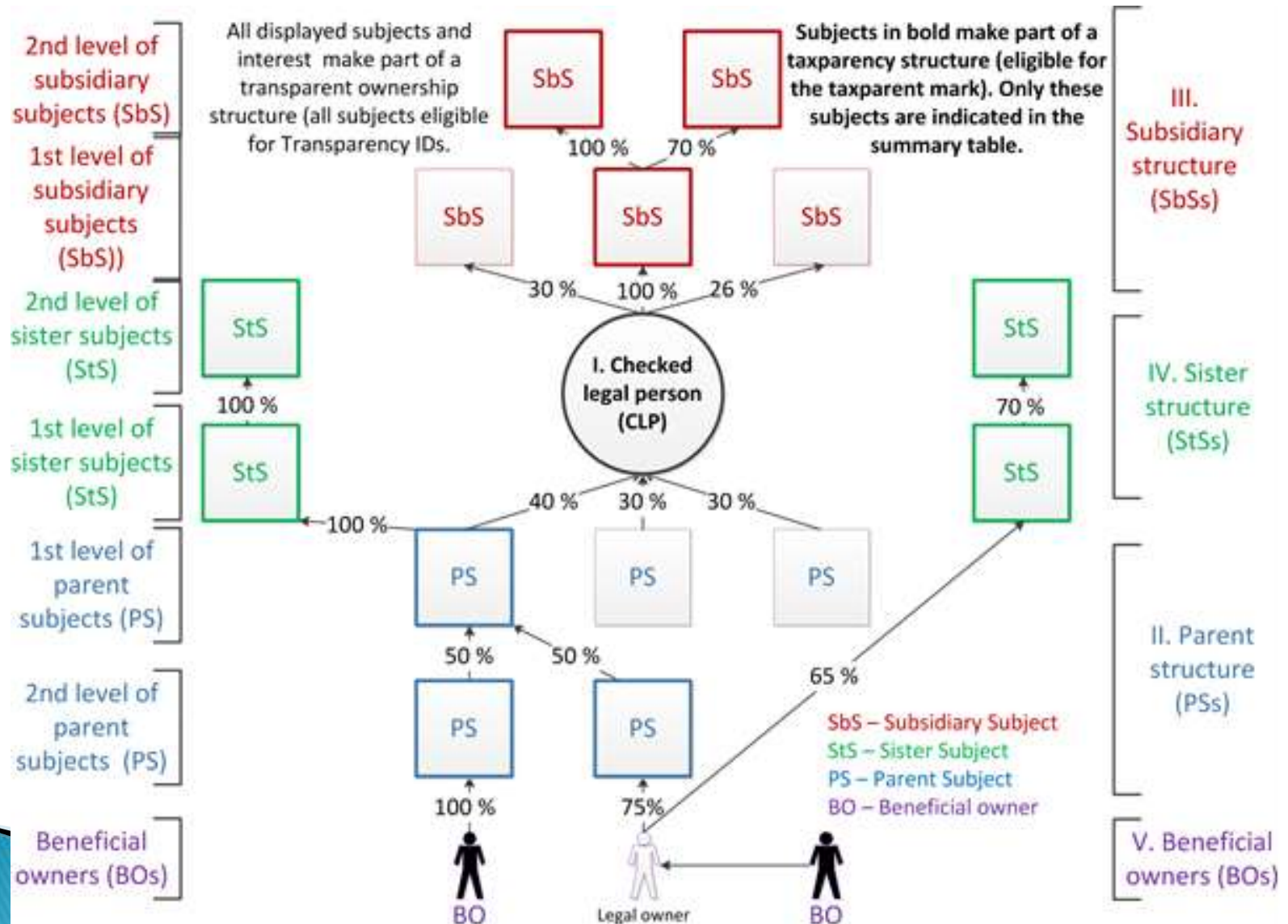
Panel 2

HOW TO IMPROVE TRANSPARENCY OF CORPORATE OWNERSHIP STRUCTURES AND BENEFICIAL OWNERS IN THE EU CORPORATE TAX POLICIES?

Ownership (parent) structure vs. full corporate structure

- ▶ To fight antimoney laundering, corruption, conflict of interest etc. one needs only PARENT ownership STRUCTURE
- ▶ FOR FIGHTING CORPORATE TAX AVOIDANCE
- ▶ we need full corporate structure, that is
 - ▶ – parent (ownership) structure
 - ▶ – subsidiaries structure
 - ▶ – sister structure

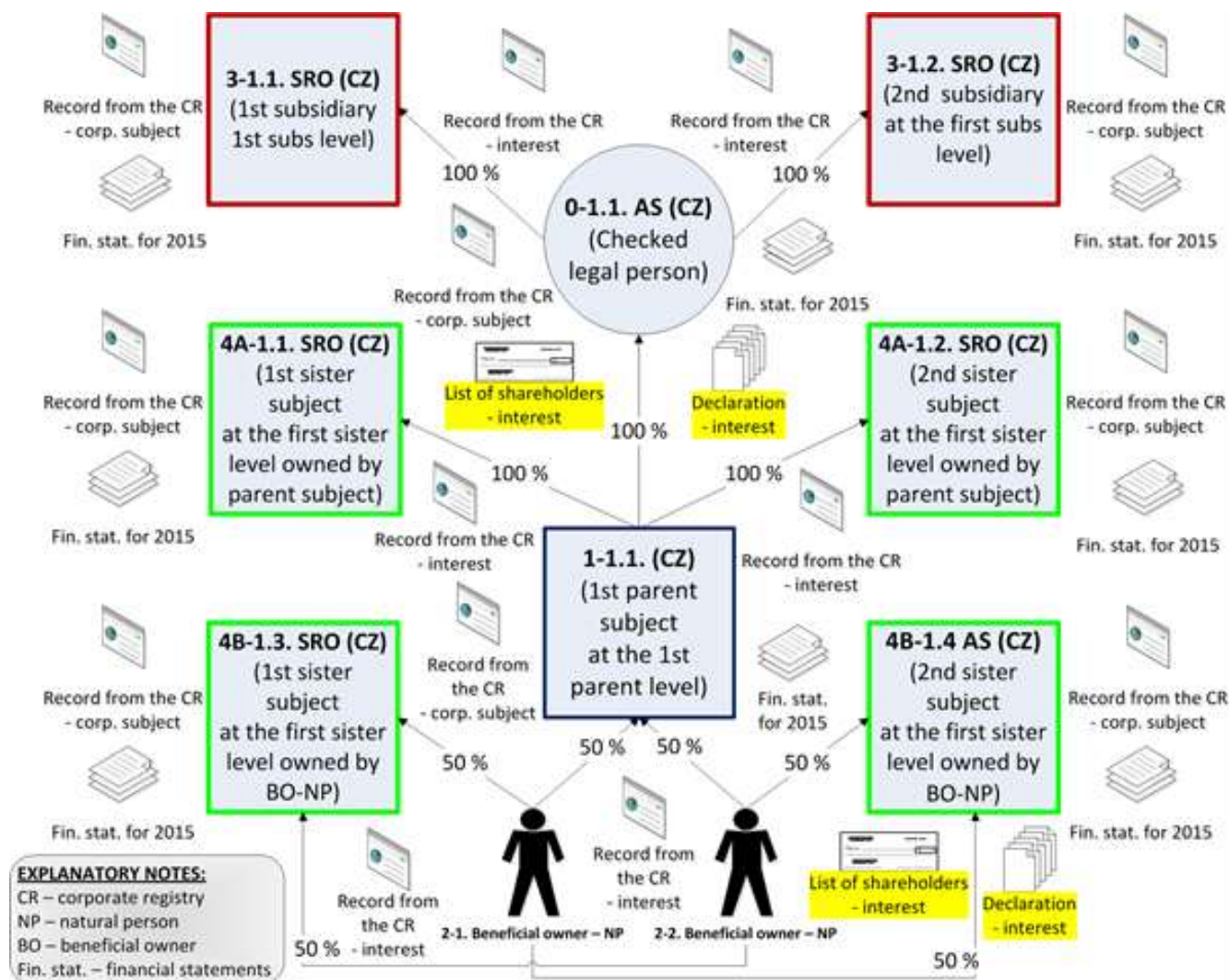
Parent (ownership) structure vs. full corporate structure: parent + subsidiary + sister



Full corporate structure + annual financial statements

- ▶ Fighting corporate tax avoidance requires also annual financial statement disclosure to determine effective corporate tax rate:
at least
 - ▶ – turnover
 - ▶ – profit
 - ▶ – tax on profit
- ▶ These data currently available from companies from their annual financial statements as defined under Accounting Directive

Illustration of taxparency disclosure



Yellow marked not publicly available: have to be obtained from checked legal person