Human Rights Council Universal Periodic Review (Fourth Cycle)

United Kingdom of Great Britain & Northern Ireland

Executive Summary

The United Kingdom of Great Britain and Northern Ireland, together with its 'spider's web' of jurisdictional dependencies, represents the most financially secretive of all jurisdictions. The UK and its dependents create the vulnerabilities that enable global tax abuse and are indirectly responsible for the concomitant deprivation of human rights and the associated loss of life. This complicity in secrecy and tax abuse causes immense harm. It exacerbates inequalities within countries and between countries. It has a disproportionately high impact on lower-income countries and upon the most marginalised in those countries.

The most recent estimates indicate that corporations are moving $1.2 trillion of profit into tax havens every year, and governments are losing $312 billion to corporate tax avoidance. In addition, governments are losing $171 billion every year due to tax evasion by wealthy individuals. In 2021 the Tax Justice Network reported that the UK and its dependent territories are responsible for one-third of corporate tax abuse and half of the world's tax evasion.

This is a joint submission between the Tax Justice Network[1] and the Government Revenue and Development Estimations (the GRADE) team [2] for the Universal Periodic Review (2022) of the United Kingdom of Great Britain and Northern Ireland. The submission details the impact of global tax abuse and the fault lines in domestic policy and legislation that generate continued tax abuse by multinational companies and wealthy individuals. The submission sets out a number of proposals focusing on the need to strengthen the automatic exchange of financial information between jurisdictions, the requirement for publicly accessible registers of beneficial and legal owners, public access to company level country by country reporting data and a reprogramming of the global governance of tax.

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[1] Tax Justice Network, 'Tax Justice Network', *Tax Justice Network*, 2022 <https://taxjustice.net/> [accessed 30 March 2022].
[2] Bernadette O'Hare, 'GRADE | The Universities of St. Andrew's and Leicester, *GRADE*, 2022 <https://med.st-andrews.ac.uk/grade/>[accessed 30 March 2022].

I. Introduction

The United Kingdom of Great Britain and Northern Ireland (hereafter the UK) is failing to meet its obligations under the United Nations Charter, the Universal Declaration on Human Rights, the European Social Charter, UNCRC (UN Commission on the Rights of Child) and CEDAW (Committee on the Elimination of Discrimination Against Women). This failure is because the UK's laws and regulations create an environment that allows tax abuse to thrive. Unfortunately, as this submission illustrates, those living in the countries impacted by this failure do not thrive. When one country's laws and regulations create vulnerabilities that enable cross-border tax abuse, this harms rights in other countries. Foregone tax revenue undermines the ability of governments to finance the public services required to fulfil their human rights obligations. These services include health, education, transport, and efficient legal functions that deprive the poorest living in the affected countries.

The Tax Justice Network regards the UK and its spider's web of overseas territories and crown dependencies as the most significant single actor in facilitating cross border abuse. The UK is home to almost one-quarter of the world's financial services. Housing such a large share of the global financial sector combined with a tolerance of financial secrecy has shifted its ranking on the Financial Secrecy Index (FSI), from 23rd in FSI 2018 to 12th in FSI 2020 [3]. The so-called 'spider's web' of UK jurisdictions and dependencies has contributed to this escalation of financial secrecy. Taken as a whole, the UK, including Cayman, the British Virgin Islands and Guernsey, is ranked number one in the provision of financial secrecy services. The Tax Justice Network's financial secrecy researchers use country by country reporting as a key indicator to assess a jurisdiction's level of secrecy and public accountability. A score of 100 indicates complete secrecy, where no reporting is required by any company in any sector, while a score of zero indicates full annual public country-by-country reporting is required for corporations in all sectors (or at least for those listed or for all above €750m turnover). The UK attracts a score of 50 on the FSI, which falls well below the standard for publicly accessible online registers. This partial application of the standard harms lower-income countries, which are more dependent on corporate income tax than more prosperous countries.

The UK has made up significant ground on legal and beneficial ownership registration following alignment with the EU's 5th Anti-Money Laundering Directive. However, in 2020, an analysis of existing legislation requirements on public registries, online availability and free access found loopholes. These persisting loopholes enable the legal and beneficial owners of Trusts and Limited Partnerships to evade scrutiny [4]. A comprehensive list of measures to address beneficial ownership loopholes illustrates the inadequacy of current registers and other policies [5]. These legislative loopholes deprive national governments of revenue and thus deprive their citizens of their human rights.

Thanks to recurrent leaks, there is increased awareness among the general public of the danger of financial secrecy and cross border tax abuse [6]. In addition, the invasion of Ukraine by Russia in February 2022 illustrated the extent of the risks posed by financial secrecy and light-touch regulation [7]. Critically, international human rights bodies and experts have repeatedly highlighted the risks to human rights and reminded countries of their international obligations (see section II).

II. The timeline: UN Human Rights experts and committees on cross border tax abuses

A watershed moment in expressing the pivotal relationship between progressive tax, financial transparency, and human rights enjoyment came in 2014 when the United Nations Special Rapporteur on extreme poverty and human rights focused their annual thematic report on the role of taxation. Similarly, the existing and previous mandate holders of the office of Independent

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[3] Tax Justice Network, 2020. Financial Secrecy Index 2020 [WWW Document]. URL https://taxjustice.net/press/financial-secrecy-index-2020-reports-progress-on-global-transparency-but-backsliding-from-us-cayman-and-uk-prompts-call-for-sanctions/> [28 March 2022].

[4] Tax Justice Network, *Narrative Report on the United Kingdom*, Financial Secrecy Index - Country Reports (2020) https://fsi.taxjustice.net/PDF/UnitedKingdom.pdf/> [accessed 30 March 2022].

[5] Tax Justice Network, 'Briefing: 10 Measures to Expose Sanctioned Russian Oligarchs' Hidden Assets', *Tax Justice Network*, 2022 <https://taxjustice.net/reports/briefing-10-measures-to-expose-sanctioned-russian-oligarchs-hidden-assets/> [accessed 28 March 2022].

[6] ICIJ, 'Paradise Papers: Secrets of the Global Elite', 2017 https://www.icij.org/investigations/paradise-papers/ See also: International Consortium of Investigative Journalists, 'Panama Papers Revenue Recovery Reaches $1.36 Billion as Investigations Continue - ICIJ', 2021 <https://www.icij.org/investigations/panama-papers/panama-papers-revenue-recovery-reaches-1-36-billion-as-investigations-continue/> [accessed 1 March 2022].
Rudolf Elmer February 28 and 2022-2:46 Pm, 'The Swiss Banking Clean-up Is a Mirage', *Tax Justice Network*, 2022 <https://taxjustice.net/2022/02/22/the-swiss-banking-clean-up-is-a-mirage/> [accessed 28 March 2022].

[7] Tax Justice Network, 'Briefing: 10 Measures to Expose Sanctioned Russian Oligarchs' Hidden Assets', *Tax Justice Network*, 2022 URL https://taxjustice.net/reports/briefing-10-measures-to-expose-sanctioned-russian-oligarchs-hidden-assets/ > [28 March 2022].

Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of human rights, particularly economic, social and cultural rights, have pointed to the need to address tax abuse and illicit financial flows and its fluidity in crossing borders. Subsequently, three committees have drawn attention to the negative effect of cross-border tax abuse on the realisation of human rights (see table 1).

Table 1 Timeline of Comments by UN Human Rights experts and committees on the implications of cross border tax abuses on human rights

Year	Experts/Rapporteur/Committee	Quotation or statement
2014	The Special Rapporteur on extreme poverty and human rights (A/HRC/26/28) [8]	*'The most straightforward way in which government revenues can facilitate compliance with human rights obligations is by providing resources for public goods, such as education and health services – goods that are critical to realising human rights and that ultimately benefit the whole of society'.*(para 2) *'A State that does not take strong measures to tackle tax abuse cannot be said to be devoting the maximum available resources to the realisation of economic, social and cultural rights'.* (para 60) *'Tax abuse by corporations and high net-worth individuals forces Governments to raise revenue from other sources: often regressive taxes, the burden of which falls hardest on the poor. Therefore, if States do not tackle tax abuse, they are likely to be disproportionately benefiting wealthy individuals to the detriment of the most disadvantaged.* (para 60)
2016	The Committee on the Elimination of Discrimination against Women (Review of Switzerland) [9]	*'the State party's financial secrecy policies and rules on corporate reporting and taxation have a potentially negative impact on the ability of other States, particularly those already short of revenue, to mobilise the maximum available resources for the fulfilment of women's rights'* (para 40c). It also recommended that Switzerland *'Undertake independent, participatory and periodic impact assessments of the extraterritorial effects of its financial secrecy and corporate tax policies on women's rights and substantive equality, ensuring that such assessments are conducted impartially, with public disclosure of the methodology and findings.'* (para 41a)
2018	The Independent Expert on the effects of foreign debt and other related international financial obligations of States (A/HRC/40/57) [10].	In 2018, the Independent Expert on the effects of foreign debt and other related international financial obligations of States published a set of principles recommending how States should design economic reform policies including the required regulation of the financial sector *'to identify, prevent, manage and fairly allocate the human rights risks created by financial instability and illicit financial flows' and 'international, binational or regional regulation is crucial for efficiency in combating evasion, avoidance, tax fraud and illicit financial flows'.* (Principle 11 d, Policy Coherence)
2019	The Committee on the Elimination of Discrimination against Women (CEDAW) (Review of UK)	CEDAW recommended that the State party (the UK) *'continue to adopt measures to combat money-laundering and tax evasion, including by establishing public registers of companies and trusts in all of its overseas territories and Crown dependencies and undertaking independent, participatory and periodic impact assessments of the national and extraterritorial effects of its financial secrecy and corporate tax policies on the rights of*

[8] United Nations Human Rights Council. Report of the Special Rapporteur on extreme poverty and human rights A/HRC/26/28. 2014. https://www.ohchr.org/sites/default/files/HRBodies/HRC/RegularSessions/Session26/Documents/A_HRC_26_28_AEV.doc/> [21 March 2022].

[9] CEDAW. Concluding observations on the combined fourth and fifth periodic reports of Switzerland CEDAW/C/CHE/CO/4-5 [Internet]. 2016. Available from: https://www.ohchr.org/en/documents/concluding-observations/cedawccheco4-5-concluding-observations-combined-fourth-and-fifth/> [21 March 2022].

[10] The Independent Expert. Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of human rights, particularly economic, social and cultural rights A/HRC/40/57. Published Online First: 2018. https://documents-dds-ny.un.org/doc/UNDOC/GEN/G18/443/52/PDF/G1844352.pdf?OpenElement/> [21 March 2022].

	(CEDAW/C/GBR/CO/8) [11]	*women'.* It also recommended that the UK *'revise its corporate, trust, financial and tax legislation, policies and practices, with a view to fully realising the enjoyment by women of their rights under the Convention, both nationally and abroad'*. (para 20)
2020	United Nations Committee on the Rights of the Child (Review of Ireland) *(CRC/C/IRL/QPR/5-6)* [12]	*'Ensure that tax policies do not contribute to tax abuse by companies operating in other countries, leading to a negative impact on the availability of resources for the realisation of children's rights in those countries'* (para 10c)
2021	Independent Expert – Prof Attiya Waris (A/HRC/49/47, 2021.)[13]	The current mandate holder set out her intention to elaborate on the impact of illicit financial flows as an impediment to States' commitments to SDGs and in recognising the 'main users' of illicit mechanisms were multinational corporations. (para 62)
2022	Committee on the Rights of the Child. (Review of the Netherlands) *(CRC/C/NLD/CO/5-6)* [14]	*'Conduct independent and participatory impact assessments of its tax and financial policies to ensure that they do not contribute to tax abuse by national companies operating outside the State party that lead to a negative impact on the availability of resources for the realisation of children's rights in the countries in which they are operating'*. (para 9c)

III The volume of cross border tax abuse and the UK's role

In 2020, the Organization for Economic Cooperation and Development (OECD) introduced new regulations that require multinational corporations with revenues of more than 750 million Euros to report how much tax they pay in individual countries. These regulations impact all corporations headquartered in countries that have adopted them (38 countries, including the UK). Economists use profit misalignment methods to calculate the difference between the reported and estimated profits. The estimated profits utilise evidence of actual economic activity, such as the number of workers or sales data. The tax revenue losses are calculated using the effective tax rate or the statutory corporate income tax rate [15]. Tax evasion is estimated using offshore financial data (which does not include non-financial wealth), calculated by identifying abnormal bank deposits relative to the size of economies and attributed to their origin country.

The most recent estimates indicate that corporations are moving $1.2 trillion of profit into tax havens every year, and governments are losing $312 billion to corporate tax avoidance. In addition, governments are losing $171 billion every year due to tax evasion by wealthy individuals. After analysing financial regulations, the countries most responsible for the creation of the vulnerabilities which enable these revenue losses have been identified. The 2021 report by the Tax Justice Network reported that the UK and its dependent territories are responsible for one-third of global corporate tax abuse and half of the world's tax evasion [16]. The UK network is responsible for the greatest global harm in terms of risk and revenue losses, see table 2.

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[11] Committee on the Elimination of Discrimination against Women. Concluding observations on the eighth periodic report of the United Kingdome of Great Britain and Northern Ireland. *United Nations* 2019;**04283**:1–16.https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CEDAW/C/GBR/CO/8&Lang=En> [21 March 2022].

[12] United Nations Committee on the Rights of the Child. List of issues prior to submission of the combined fifth and sixth reports of Ireland. 2020. https://tbinternet.ohchr.org/Treaties/CRC/Shared Documents/IRL/CRC_C_IRL_QPR_5-6_43616_E.pdf/> [21 March 2022].

[13] UN Independent Expert - Attiya Waris. Taking stock and identifying priority areas: a vision for the future work of the mandate holder AHRC/49/47. https://documents-dds-ny.un.org/doc/UNDOC/GEN/G21/384/62/PDF/G2138462.pdf?OpenElement/> [23 March 2022].

[14] Committee on the Rights of the Child. Concluding observations on the combined fifth and sixth periodic reports of the Netherlands. 2022. doi:10.1007/BF03174582 /> [23 March 2022].

[15] Tax Justice Network. Methodological note : State of Tax Justice. 2021.https://taxjustice.net/wp-content/uploads/2021/11/SOTJ_2021_Methodology.pdf/> [20 March 2022].

[16] Tax Justice Network. The State of Tax Justice 2021 [Internet]. 2021. Available from: https://taxjustice.net/wp-content/uploads/2021/11/State_of_Tax_Justice_Report_2021_ENGLISH.pdf /> [23 March 2022].

Table 2: The UK spider's web is the dominant 'tax haven' actor

	Financial Secrecy Index 2020	State of Tax Justice 2020: Revenue losses, offshore abuse	Corporate Tax Haven Index 2019	State of Tax Justice 2020: Revenue losses, corporate abuse
UK	1.57%	15.74%	2.81%	5.58%
Jersey	1.37%	1.88%	4.05%	1.82%
Guernsey	1.66%		2.34%	
Isle of Man	0.76%	0.18%	2.11%	1.49%
Bermuda	0.85%	1.63%	6.98%	4.44%
BVI	1.82%	3.22%	7.29%	4.25%
Cayman	4.63%	26.04%	6.67%	9.32%
Other OTs	2.02%	0.05%	2.35%	1.58%
UK network	**14.68%**	**48.75%**	**34.60%**	**28.48%**
Next biggest actor	4.37% (USA)	12.92% (USA)	6.29% (Netherlands)	10.86% (Netherlands)

Source: Tax Justice Network.

IV The impact of the UK on economic and social rights in other countries

The Government Revenue and Development Estimations tool (GRADE) is a resource that models government revenue's impact on economic and social rights and assumes that governments spend any additional income in the same way they have in recent years [17]. Using GRADE, the effect on economic and social rights of increased government revenue equivalent to losses from tax abuses (avoidance and evasion) has been precisely and realistically estimated. Using the State of Tax Justice 2020 estimates[18], the additional revenue would be associated with 36 million people accessing their right to basic sanitation, 18 million accessing their rights to basic drinking water, and almost 7 million children attending school for an extra year. Additionally, this increased access to rights would be associated with over 600,000 children and nearly 80,000 mothers surviving over ten years [19]. Duty bearers include countries that create vulnerabilities enabling tax abuses. As the UK and its dependents create the vulnerabilities that facilitate global tax abuse, they are indirectly responsible for the accompanying deprivations of human rights and the associated loss of life (see table 3).

Table 3 The economic and social rights deprivation associated with a loss of government revenue equivalent to the global tax abuse attributable to vulnerabilities created by the UK and its Overseas Territories and Crown Dependencies.

Additional numbers accessing basic drinking water			Additional numbers accessing basic sanitation			An extra year at school	Child deaths averted	Maternal deaths averted
All	Under 5s	Women	All	Under 5s	Women			
6,759,623	816,901	1,703,163	13,356,497	1,669,857	3,341,058	2,559,980	228,860	29,090

[17] O'Hare B, Hall S, Lopez M, Murray S. The Government Revenue and Development Estimations (GRADE) [Internet]. 2020. Available from: http://med.st-andrews.ac.uk/grade [20 March 2022].

[18] Tax Justice Network. The State of Tax Justice 2020: Tax Justice in the time of COVID-19 [Internet]. 2020. Available from: https://taxjustice.net/reports/the-state-of-tax-justice-2020/> [20 March 2022].

[19] O'Hare BA, Lopez MJ, Mazimbe B, Murray S, Spencer N, Torrie C, et al. Tax abuse—The potential for the Sustainable Development Goals. PLOS Glob Public Heal;2(2):e0000119. Available from:https://journals.plos.org/globalpublichealth/article?id=10.1371%2Fjournal.pgph.0000119 [20 March 2022].

V The policies which support or undermine the realisation of economic and social rights in other countries

The measures required to tackle tax abuse and corruption are commonly known by the acronym ABC: automatic exchange of information, beneficial ownership registration and country by country reporting. Tax professions, including accountancy, law and financial advisory firms, are an essential component of this system and are uniquely positioned to remedy the situation. We consider the UK's regulations under each of these measures. See also Annexe: *Summary of where obligations are being met, not being met and suggested remedies.*

Automatic Exchange of Banking Information

Automatic exchange of information means automatically sharing information on the financial accounts held by non-resident individuals, corporations and legal vehicles within the jurisdiction where the individual, corporation or legal vehicle resides. Making information sharing automatic eliminates the obstacles, delays and politics that have deterred international cooperation and helped financial secrecy flourish.

The UK is a member of the OECD's Common Reporting Standard for automatic exchange of tax information and, as of October 2021, had arrangements to exchange information with 106 jurisdictions[20]. It has also participated in a pilot project working with the Ghanian government to tackle tax evasion and thus recognises the negative impact of tax abuse on domestic resource mobilisation and public services[21]. In addition, the UK has been a signatory to the Multilateral Competent Authority Agreement on the exchange of Country by Country Reports (CbCR MCAA) since 2017 [22]. Although not every signatory exchanges data with every other signatory, this agreement is crucial in helping lower-income countries with fewer resources to spend on regulation, enforcement and monitoring and, therefore, identifying the legal, beneficial owners of assets leaving one jurisdiction and crossing to another with light-touch regulation and enforcement [23].

According to the Tax Justice Network's Financial Secrecy Index 2020, the UK is fully compliant with the Common Reporting Standard's requirement for the automatic exchange of financial information between countries. However, the UK fails to publish statistics on the automatic exchange of information (e.g., the number, account balance and income held by non-residents in UK financial institutions). This is a crucial tool to tackle offshore wealth and tax evasion by disclosing to tax authorities information on the foreign bank accounts held by each country's taxpayers. It also provides data that exposes the offshore strategies of taxpayers who have wealth abroad. The UK needs to publish statistics – a practice championed by Australia and Germany in the past two years – because it would facilitate lower-income countries excluded from the information exchange system to review data on any non-resident in the UK. This action would add an extra layer of transparency and greater public scrutiny of a country's taxpayers [24].

To establish greater financial transparency and further close loopholes, jurisdictions like the UK should require financial institutions to operate enhanced due diligence. A significant loophole to be addressed is embedded in the practice of offering a so-called 'golden visa' or fake residency. This type of residency has been found to be part of a scheme to avoid being reported under automatic exchange of information, and both policy and practice need reform [25].

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[20] https://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/exchange-relationships/#:~:text=ACTIVATED%20EXCHANGE%20RELATIONSHIPS%20FOR%20CRS%20INFORMATION&text=As%20of%20October%202021%2C%20there,the%20end%20of%20September%202022

[21] GOV.UK. UK partners with Ghana on tax transparency - GOV.UK Available from: https://www.gov.uk/government/news/uk-partners-with-ghana-on-tax-transparency

[22] OECD. (2022). Signatories of the Multilateral Competent Authority on automatic exchange of financial account information. www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/

[24] Knobel, Andres, 'Penguins Hold Millions in Australian Banks: Revealing Trends from Australian and German Banking Statistics', *Tax Justice Network*, 2021 <https://taxjustice.net/2021/12/14/penguins-hold-millions-in-australian-banks-revealing-trends-from-australian-and-german-banking-statistics/> [accessed 30 March 2022].

[25] Andres Knobel and Frederik Heitmüller, *Citizenship and Residency by Investment Schemes: Potential to Avoid the Common Reporting Standard for Automatic Exchange of Information*, 2018 <http://taxjustice.wpengine.com/wp-content/uploads/2018/03/20180305_Citizenship-and-Residency-by-Investment-FINAL.pdf> [accessed 21 August 2018].

Beneficial and Legal Ownership in the UK[26]

Many consider effective beneficial and legal ownership transparency to be a key policy for tackling illicit financial flows that encompass cross-border financial transactions for money laundering, tax evasion, corruption, and the financing of terrorism.

A beneficial owner is a natural person (or persons) who own, control or benefit from legal vehicles (companies, partnerships, trusts or foundations). In contrast, a legal owner may be a natural person, such as a nominee or another form of legal vehicle [27]. Therefore, it is important to ensure that all domestic companies are required to register their legal owners as this information complements beneficial ownership transparency.

The UK was the first to approve a beneficial ownership law, going beyond the EU Directive's minimum standards. In 2016 it established a public beneficial ownership online register for companies and limited liability partnerships (LLPs) available for free and in open data format. On May 1st, 2018, the UK Parliament approved an amendment to the sanctions and anti-money laundering bill, which requires British Overseas Territories (but not Crown Dependencies, including the Cayman Islands and BVI) to establish public beneficial ownership registries by 2020. However, territories such as the Cayman Islands have already indicated that they will delay the publication of beneficial ownership information until 2023[28] .

Other considerations in assessing full financial transparency include annual updates, the availability of name and address or date of birth or national identification, whether the information is available online, and whether this is available at no cost. Unfortunately, no country, including the UK, provides information online in open data format for both beneficial ownership and legal ownership. Further, there is no public access nor comprehensive registration of trusts in the UK, which provides a loophole for tax abuse and criminal activity. This obfuscation over financial transparency is notable in the quality of data published by Companies House and regarded by users as 'to be so inaccurate and out of date as to be worthless'[29] .

Country by Country Reporting

Country-by-country reporting is a reporting practice that requires companies to publish information on the profits and costs they incur in every country in which they operate, rather than publishing a global summary of their profits and costs that lumps together (and thereby conceals) their country-level profits and costs into one aggregate. By breaking down profits and costs at the country level, citizens and local authorities can see whether multinational corporations are illicitly shifting profits out of the country under the guise of expenses to avoid tax.

'In principle, any jurisdiction could require all companies incorporated and operating under its laws (including subsidiaries, branches and holding companies) to publish financial information in their accounts on their corporate group's global activity on a country by country basis. Appropriate reporting requirements can be implemented either through regulations issued by the stock exchange or by a legal or regulatory provision enacted by the competent regulatory or legislative body'[30]

The value of this reporting practice is that the data is publicly accessible, and governments in jurisdictions where profits are generated can analyse the data. However, restricted access to country by country reports exacerbate inequalities in taxing rights and the resulting vulnerabilities created for other jurisdictions undermine their capacity to maximise their fiscal capacity.

In 2016, the UK Finance Act required companies to publish company level country by country reporting data, a positive and significant shift in transparency. The same year, the then UK Chancellor of the Exchequer argued at ECOFIN (Economic and Financial Affairs Council, responsible for EU policy in three fundamental areas: economic policy, taxation issues, and the

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[26] The recent move to develop a new transparency standard is very welcome. Led by data experts and including 'Companies House, the Crown Commercial Service, and the Competition and Markets Authority, the initiative will 'pilot to see how their digital systems can be updated or adapting in line with the standard.' (Abbot Pugh, 2022). See: Stephen Abbott Pugh, 'Beneficial Ownership Data Standard Approved by UK Government', *Open Ownership*, 2022 <https://www.openownership.org/blogs/beneficial-ownership-data-standard-approved-by-uk-government/> [accessed 28 March 2022].

[27] Harari M, Knobel A, Meinzer M, Palanský M. Ownership Registration of Different Types of Legal Structures From an International Comparative Perspective. State of Play of Beneficial Ownership - Update 2020. SSRN Electron J. 2020; [accessed 4 June 2020].

[28] Moran Harari and others, *Ownership Registration of Different Types of Legal Structures from an International Comparative Perspective: State of Play of Beneficial Ownership - Update 2020* (1 June 2020) <https://www.taxjustice.net/wp-content/uploads/2020/06/State-of-play-of-beneficial-ownership-Update-2020-Tax-Justice-Network.pdf> [accessed 4 June 2020].p.10.

[29] Tax Justice Network, *Narrative Report on the United Kingdom* <https://fsi.taxjustice.net/PDF/UnitedKingdom.pdf> [accessed 27 March 2022].

[30] The Tax Justice Network Team. Key Financial Secrecy Indicators : Country by Country Reporting [Internet]. 2020. Available from: https://fsi.taxjustice.net/PDF/8-C-b-C-Reporting.pdf/> [19 March 2022].

regulation of financial services) for an EU-wide agreement. However, a loophole in the UK's 2016 legislation allowed HM Treasury discretion not to enforce the publication of data, and in 2020, the commitment to national level publication was effectively overturned. Even more egregious was the UK's blocking of the OECD from publishing the data at an international level [31]. The UK was a leading actor in the OECD 'working group' that agreed to share aggregate country by country reporting data with the OECD so that the OECD could publish this aggregate data annually. The UK reneged on this agreement. Publishing aggregate data continues but without the cooperation of one of the most significant operators of tax abuse and economic vulnerabilities.

The existing highly aggregated data made public through the OECD has limited value for lower-income country governments wishing to tax corporations fairly. Moreover, it is impossible to pinpoint the distortions generated in aggregating data without a complete set of company-level data for comparison.

A United Nations Convention on Tax

A United Nations Convention on Tax would be the ideal body to oversee the ABC financial transparency agenda but is absent from the global tax architecture. The absence of a genuinely representative accountable body that enshrines equality and fairness in tax matters is a huge gap in the global tax architecture and global economic governance. Many who have observed a decade of flawed attempts to address the inequities of global taxing rules, currently overseen by a club of rich countries under the auspices of the OECD, propose an approach and design which demands inclusivity of all nations.

The concept of a United Nations (UN) Convention on Tax is not new but is long overdue. It proposes a new order in which governments are multilaterally supported in their duty to realise the full range of economic and social rights. The Africa Group at the United Nations advocated for a UN Convention on Tax in 2019. The UN Secretary-General's 'Financing for Development in the Era of COVID-19' initiative in 2020 identified a UN Convention on Tax among the options for heads of state to pursue[32]. The global tax justice movement strongly advocates for a UN Convention on Tax, and in 2020 the Tax Justice Network published a robust analysis that explored the inadequacies of the incumbent global tax rulemaking [33]. In 2021 the High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (the UN FACTI Panel) made a UN Convention on Tax one of the key recommendations. Now Eurodad, supported by the Global Alliance for Tax Justice and, more broadly, by the tax justice movement, has produced an entire draft for a UN convention on tax. The draft includes articles detailing comprehensive standards for the ABC of transparency and the establishment of negotiations for the taxation of multinational companies under the auspices of the United Nations[34]. This shift requires the wealthiest nations, especially influential jurisdictions like the UK, to actively support a Convention on Tax within the United Nations.

VI The UK and NIs duties and obligations under human rights treaties and conventions

In 2019, CEDAW recommended that the State party *'continue to adopt measures to combat money-laundering and tax evasion, including by establishing public registers of legal persons (including those without separate legal personality such as limited partnerships) and trusts in all of its overseas territories and Crown dependencies and undertaking independent, participatory and periodic impact assessments of the national and extraterritorial effects of its financial secrecy and corporate tax policies on the rights of women'.* It also recommended that the UK *'revise its corporate, trust, financial and tax legislation, policies and practices, with a view to fully realising the enjoyment by women of their rights under the Convention, both nationally and abroad'.* (Para 20)

[31] Tax Justice Network, 'UK U-Turns on Commitment to Tax Transparency, Giving up £10 Billion in Corporate Tax', *Tax Justice Network*, 2020 <https://taxjustice.net/press/uk-u-turns-on-commitment-to-tax-transparency-giving-up-10-billion-in-corporate-tax/> [accessed 29 March 2022].
[32] UNCTAD, *Financing for Development in the Era of COVID-19 and Beyond Menu of Options for the Consideration of Heads of State and Government.* (1 September 2020) <https://www.un.org/sites/un2.un.org/files/financing_for_development_covid19_part_ii_hosg.pdf> [accessed 27 March 2022].
[33] Tax Justice Network, Global Alliance for Tax Justice, and Public Services International, *The State of Tax Justice 2020: Tax Justice in the Time of COVID-19*, 20 November 2020 <https://www.taxjustice.net/wp-content/uploads/2020/11/The_State_of_Tax_Justice_2020_ENGLISH.pdf> [accessed 4 December 2020].
[34] Tove Ryding, *PROPOSAL FOR A UNITED NATIONS CONVENTION ON TAX* (Brussels, Belgium, 1 March 2022) <https://www.globaltaxjustice.org/sites/default/files/un-tax-convention-mar09-final_0.pdf> [accessed 27 March 2022].

VII Recommendations

While the UK has made progress, loopholes in its regulations persist, meaning that the country creates the vulnerabilities which enable global tax abuse. As a result, it bears indirect responsibility for the deprivations and deaths driven by cross-border tax abuse. Financial transparency is a prerequisite to addressing cross border tax abuse and resetting the policy environment for the enjoyment of economic, social and cultural rights.

We recommend tackling tax abuse and corruption using the ABC acronym: automatic exchange of information, beneficial ownership registration and country by country reporting. Tax professions, including accountancy, law and financial advisory firms, are an essential component of this system and are uniquely positioned to remedy the situation.

The existing highly aggregated data made public through the OECD has limited value for lower-income country governments wishing to tax corporations fairly. Without a complete set of company-level data for comparison, it is impossible to pinpoint the distortions generated in aggregating data (SOTJ 2021). Therefore, the UK government must support the call for a requirement for OECD country by country data to be made public.

1 Automatic Exchange of Information

- The UK should publish Common Reporting Standard (CRS) statistics following the examples of Australia and Germany to ensure full transparency. This increased transparency would enable any jurisdiction to review data on any non-resident (regardless of whether their country is participating in the OECD system) and allow regulation and enforcement authorities to trace illicit finance.
- The UK should cease the practice of offering 'golden visas' or fake residencies, which can be used to circumvent the CRS standards

2 Beneficial Ownership

Key obstacles and challenges in bringing transparency to bear on the issue of beneficial ownership is the issue of complexity. Therefore, robust country-level policies are necessary to address beneficial ownership secrecy towards better regulation of complex ownership structures[35.]

- UK dependencies should stop choosing Voluntary Secrecy under the Common Reporting Standard.

- At its 2019 appearance before CEDAW, the UK was requested to deliver information on planned actions on its tax and financial transparency policies and laws, and the extra-territorial impacts of these on the rights of women and girls due to its facilitation of cross-border tax abuse. The Tax Justice Network has analysed this phenomenon for twenty years. The UPR should call for clarification on how the UK has satisfied CEDAW's recommendation in this regard.

3 Country by Country Reporting

The GRI (Global Reporting Initiative) offers UK registered multinational companies the opportunity to voluntarily deliver 'disclosure of tax payments on a CBCR [country by country reporting] basis, alongside tax strategy and governance'. Some notable household names now do just that[36]. This move opens the possibility of pressure from investors' dollars, dampening opposition to corporate financial transparency; the voluntary declaration prepares the ground for the GRI standard on CBCR's inclusion in the globally recognised sustainability standards. We recommend the UK:

- Support the GRI CBCR standard instead of OECD reporting for those multinational companies that already have to supply OECD standard data to HMRC (UK revenue authority).
- Promote the GRI standard as a standard for London Stock Exchange (LSE) to adopt while recognising that as a private company itself, the LSE is under no obligation to do so.

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[35] Knobel, A. Addressing the secrecy risks of complex ownership chains: Another tool to improve beneficial ownership verification16 February, 2022. Available from: https://taxjustice.net/2022/02/16/addressing-the-secrecy-risks-of-complex-ownership-chains-another-tool-to-improve-beneficial-ownership-verification/> [29 March 2022].

[36] Global Reporting Initiative, 'GRI - Momentum Gathering behind Public Country-by-Country Tax Reporting', 2022 <https://www.globalreporting.org/about-gri/news-center/momentum-gathering-behind-public-country-by-country-tax-reporting/> [accessed 29 March 2022].

- Encourage MNCs to make CBCR (or Fair Tax Mark[37]) a requirement for any company wanting public money/applying for public contracts.
- Require every company to publish CBCR as part of their annual reporting.

4 United Nations Convention on Tax

A UN Convention on Tax is key to the progressive reform of the international governance of tax and financial regulation and the indirect impact on economic and social rights. Therefore, the UK should actively engage, support and adopt the substance of the proposed UN Convention on Tax articles.

[37] Fair Tax Foundation, 'Fair Tax Mark', *Fair Tax Foundation*, 2022 <https://fairtaxmark.net/> [accessed 30 March 2022].

Annexe

Summary of where obligations are being met, not being met and suggested Remedies

	Meeting obligations	**How the UK is not meeting their obligations**	**Remedy**
A	Publishes statistics on the automatic exchange of financial information between countries.	Does not publish statistical data to ensure full transparency.	The UK should publish Common Reporting Standard (CRS) statistics following the examples of Australia and Germany to ensure full transparency and to enable any jurisdiction to review data on any non-resident (regardless of whether their country is participating in the OECD system).
A	Ensure no Overseas Territory or Crown Dependency offers golden visas or "chose voluntary secrecy" under the MCAA	Offering 'golden visas' or fake residency or choosing voluntary secrecy[38] (to send, but not to receive information based on the CRS)	End the 'golden visa' fake residency scheme, and ensure all British dependencies refrain from choosing voluntary secrecy.
B	The UK was the first country to approve a beneficial ownership law in 2016. It established a public beneficial ownership online register for companies, limited liability partnerships (LLPs) and Scottish Limited Partnerships, available for free and in open data format. However, the information is not verified and doesn't cover limited partnerships (LPs) from England and Wales or NI.	Users regard the quality of data published by Companies House as 'to be so inaccurate and out of date as to be worthless' Limited partnerships (LPs) from England and Wales or NI do not need to register their BOs in the UK.	Companies House to verify the accuracy of the information held. Provision of registration, free public open data online access also for beneficial owners of Limited partnerships (LPs) from England and Wales or NI
B	The UK Parliament approved an amendment to the sanctions and anti-money laundering bill, which requires British Overseas Territories to establish public beneficial ownership registries by 2020.	The amendment did not include the Crown Dependencies (e.g. Cayman Islands, BVI, etc.). Some of these territories, such as the Cayman Islands, have indicated that they will publish beneficial ownership information only by 2023.	All British dependencies and territories should offer public access to beneficial ownership information for free, online and in open data format.
	All shareholders or legal owners should be registered with sufficient identification details.	The UK does not have effective legal ownership data.	Legal ownership is defined when all domestic companies are required to register all of their legal owners. Other considerations include annual updates, the availability of name and address or date of birth or national identification, and that the information is online and at no cost
	Only some trusts (based on complex regulations) need to register their beneficial owners,	There is no public access nor comprehensive registration of	All domestic law trusts (governed by the UK laws) and trusts that hold real estate or establish business relations in the UK should

Tax Justice Network, 'KFSI 18: Automatic Exchange of Information', *FSI*, 2022 <https://fsi.taxjustice.net/PDF/18-Automatic-Info-Exchange.pdf> [accessed 30 March 2022].

	but the information is not publicly accessible	trusts in the UK (loopholes are available)	register their beneficial owners and give the public access to information.
C	The UK has made progress in this reporting standard. But this falls well short of a standard that helps to address sovereign taxing rights in lower-income countries.	This is a long way from meeting the full standard for publicly accessible online registers for country by country reporting	Demonstrate support for the GRI 207 standard on country by country reporting.