

# The United States of America

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RISK & COMPLIANCE REPORT

DATE: January 2017

<b>Executive Summary - United States of America</b>	
<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions
<b>Medium Risk Areas:</b>	Although some States in the USA offer offshore financial services e.g. Delaware, the United States is not considered to be an Offshore Financial Centre
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b></p> <p>wheat, corn, other grains, fruits, vegetables, cotton; beef, pork, poultry, dairy products; fish; forest products</p> <p><b>Industries:</b></p> <p>highly diversified, world leading, high-technology innovator, second largest industrial output in world; petroleum, steel, motor vehicles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, mining</p> <p><b>Exports - commodities:</b></p> <p>agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0%</p> <p><b>Exports - partners:</b></p> <p>Canada 18.9%, Mexico 14%, China 7.2%, Japan 4.5% (2012)</p> <p><b>Imports - commodities:</b></p> <p>agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, furniture, toys)</p> <p><b>Imports - partners:</b></p> <p>China 19%, Canada 14.1%, Mexico 12%, Japan 6.4%, Germany 4.7% (2012)</p>	

**Investment Restrictions:**

While the United States has a general policy of openness to foreign investment, it does restrict foreign investment, including from SWFs, in certain U.S. assets. The U.S. government has issued policy statements supporting openness to foreign investment and entered into international agreements to protect investors. However, sectors with specific restrictions on foreign investments include transportation, communications, and energy. For example, foreign governments may not be issued radio communications licenses and foreign entities are not allowed to own or control more than 25 percent of the voting interest of any U.S. airline. In other cases, foreign investors can purchase companies or assets in a sector but face restrictions on their activities once they invest. For example, foreign companies can invest in U.S. banks, but if a company's stake exceeds 25 percent or the company would control the bank, the company must receive prior approval and become regulated by banking regulators and would be limited in the types of nonbanking activities in which it can also invest. Foreign investors can generally invest in U.S. agricultural land, but must disclose purchases above certain thresholds to the Department of Agriculture (Agriculture).

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## Section 1 - Background

Britain's American colonies broke with the mother country in 1776 and were recognized as the new nation of the United States of America following the Treaty of Paris in 1783. During the 19th and 20th centuries, 37 new states were added to the original 13 as the nation expanded across the North American continent and acquired a number of overseas possessions. The two most traumatic experiences in the nation's history were the Civil War (1861-65), in which a northern Union of states defeated a secessionist Confederacy of 11 southern slave states, and the Great Depression of the 1930s, an economic downturn during which about a quarter of the labor force lost its jobs. Buoyed by victories in World Wars I and II and the end of the Cold War in 1991, the US remains the world's most powerful nation state. Since the end of World War II, the economy has achieved relatively steady growth, low unemployment and inflation, and rapid advances in technology.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

The U.S.A. is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in the USA was undertaken by the Financial Action Task Force (FATF) in 2016. According to that Evaluation, the USA was deemed Compliant for 9 and Largely Compliant for 21 of the FATF 40 Recommendations.

#### Key Findings

The AML/CFT framework in the U.S. is well developed and robust. Domestic coordination and cooperation on AML/CFT issues is sophisticated and has matured since the previous evaluation in 2006. The understanding of money laundering (ML) and terrorist financing (TF) risks is well-supported by a variety of ongoing and complementary risk assessment processes, including the 2015 National Money Laundering Risk Assessment (NMLRA) and National Terrorist Financing Risk Assessment (NTFRA), which were both published. The national AML/CFT strategies, key priorities and efforts of law enforcement and other agencies seem to be driven by these processes and are coordinated at the Federal level across a vast spectrum of agencies in a number of areas.

The financial sectors bear most of the burden in respect of required measures under the Bank Secrecy Act (BSA). Financial institutions (FIs), in general, have an evolved understanding of ML/TF risks and obligations, and have systems and processes for implementing preventive measures, including for on-boarding customers, transaction monitoring and reporting suspicious transactions.

However, the regulatory framework has some significant gaps, including minimal coverage of certain institutions and businesses (investment advisers (IAs), lawyers, accountants, real estate agents, trust and company service providers (other than trust companies). Minimal measures are imposed on designated non-financial businesses and professions (DNFBPs), other than casinos and dealers in precious metals and stones, and consist of the general obligation applying to all trades and businesses to report transactions (or a series of transactions) involving more than USD 10 000 in cash, and targeted financial sanctions (TFS) requirements. Other comprehensive AML/CFT obligations do not apply to these sectors. In the U.S. context the vulnerability of these minimally covered DNFBP sectors is significant, considering the many examples identified by the national risk assessment process.

Law enforcement efforts rest on a well-established task force environment which enables the pooling of expertise from a wide range of law enforcement agencies (LEAs), including prosecutors, to support quality ML/TF investigation and prosecution outcomes. Overall, LEAs

have access to a wide range of financial intelligence, capabilities and expertise allowing them to trace assets, identify targets and undertake expert financial ML/TF investigations. There is a strong focus on following the money in predicate offence investigations at the Federal level. A similar focus on identifying terrorist financiers in terrorism-related investigations applies. The U.S. investigates and prosecutes TF networks aggressively in line with its risk profile. International cooperation in these areas is generally effective though improvements are underway to further improve the timely handling of (a large volume) of mutual legal assistance (MLA) and extradition requests.

Lack of timely access to adequate, accurate and current beneficial ownership (BO) information remains one of the fundamental gaps in the U.S. context. The NMLRA identifies examples of legal persons being abused for ML, in particular, through the use of complex structures to hide ownership. While authorities did provide case examples of successful investigations in these areas, challenges in ensuring timely access to and availability of BO information more generally raises significant concerns, bearing in mind risk and context.

At the Federal level, the U.S. achieves over 1 200 ML convictions a year. Many of these cases are large, complex, white collar crime cases, in line with the country's risk profile. Federal authorities have the lead role in all large and/or international investigations. There is however no uniform approach to State-level AML efforts and it is not clear that all States give ML due priority. The AML system would benefit from ensuring that a range of tax crimes are predicate offenses for ML.

The Federal authorities aggressively pursue high-value confiscation in large and complex cases, in respect of assets located both domestically and abroad. The authorities effectively resort to criminal, civil and administrative tools to forfeit assets. At State and local levels, there is little available information, though it appears that civil forfeiture is vigorously pursued by some States.

The U.S. authorities effectively implement targeted financial sanctions for both terrorism and proliferation financing purposes, though not all U.N designations have resulted in domestic designations (mainly on the basis of insufficient identifiers). Most designations take place without delay, and are effectively communicated to the private sector. The U.S. Specially Designated Nationals and Blocked Persons List (SDN List) is used by thousands of FIs across the U.S. and beyond which gives the U.S sanctions regime a global effect in line with the size, complexity and international reach of the U.S. financial system. The U.S has had significant success in identifying the funds/other assets of designated persons/entities, and preventing them from operating or executing financial transactions related to terrorism and proliferation. Only minor improvements are needed in this area.

AML/CFT supervision of the banking and securities sectors appears to be robust as a whole, and is evolving for money services businesses (MSBs) through greater coordination at the State level. The U.S. has a range of sanctions that it can and does impose on FIs as well as an array of dissuasive remedial measures, including informal supervisory actions. These measures seem to have the desired impact on achieving the supervisory objectives. The most significant supervisory gap is lack of comprehensive AML/CFT supervisory processes for the DNFBPs, other than casinos.

## **Risks and General Situation**

The global dominance of the U.S. dollar generates trillions of dollars of daily transaction volume through U.S. banks, which creates significant exposure to potential ML activity (generated out of both domestic and foreign predicate offenses) and risks of cross-border illicit flows. The U.S. also faces significant risks from TF and is vulnerable to such abuse because of the unique scope, openness and reach of its financial system globally, and the direct threat posed by terrorist groups to U.S. interests.

The United Nations office on Drugs and Crime (UNODC) estimated proceeds from all forms of financial crime in the U.S., excluding tax evasion, was USD 300 billion in 2010 (about 2% of the U.S. economy). Fraud (including healthcare fraud, identity theft, tax fraud, mortgage fraud, retail and consumer fraud and securities fraud) generates the largest volume of illicit proceeds, particularly healthcare fraud against the Federal government which accounts for approximately USD 80 billion annually. Other major sources of proceeds are drug trafficking (generating about USD 64 billion annually), transnational organized crime, human smuggling and public corruption (both domestic and foreign).

The main ML vulnerabilities assessed by the U.S. were in the cash, banking, MSB, casino and securities sectors, and were characterized as: use of cash and monetary instruments in amounts under regulatory record-keeping and reporting thresholds; opening bank and brokerage accounts using nominees to disguise the identity of the individuals who control the accounts; creating legal entities without accurate information about the identity of the beneficial owner; misuse of products and services resulting from deficient compliance with AML obligations; and merchants and FIs wittingly facilitating illegal activity. The main TF threats and vulnerabilities include: raising funds through criminal activity, individuals raising funds under the auspices of charitable giving but outside of any charitable organization, individual contributions and self-funding; moving and placing funds through banks, licensed MSBs, unlicensed money transmitters and cash smuggling; and potential emerging threats from global terrorist activities, cybercrime and identity theft, and new payment systems.

## US Department of State Money Laundering assessment (INCSR)

The U.S.A. was deemed a Jurisdiction of Primary concern by the US Department of State 2013 International Narcotics Control Strategy Report (INCSR).

There is no US State Department Money Laundering Report available however, we set out an extract from the July 2015 IMF Report: United States: Financial Sector Assessment Program- Anti-Money Laundering And Combating The Financing Of Terrorism (Aml/Cft): -

### Executive Summary

This note sets out the findings and recommendations made in the Financial Sector Assessment Program (FSAP) for the United States in the areas of anti-money laundering and combating the financing of terrorism (AML/CFT). It summarizes the findings of a targeted review of measures to prevent U.S. legal persons and arrangements from being misused for money laundering (ML)/financing of terrorism (FT). This discussion is not, in any way, an evaluation or assessment of the U.S. AML/CFT system. The United States will undergo a

complete mutual evaluation by the Financial Action Task Force (FATF) beginning June 1, 2015, the results of which will be made public in 2016.

The last FATF assessment in 2006 found that the United States had implemented an AML/CFT system that was broadly in line with the international standard, although a significant shortcoming was identified. The United States had significantly strengthened its AML/CFT regime since the previous mutual evaluation, including through enhanced legislation. However, there was a notable shortcoming with respect to the Recommendation addressing customer due diligence (CDD) which is one of the FATF's core Recommendations. There were also other deficiencies regarding the availability of ownership information about corporations and trusts, and the requirements applicable to certain designated non-financial businesses and professions (DNFBPs).

The U.S. AML/CFT legal and institutional framework has yet to address deficiencies identified in the most recent FATF mutual evaluation report (MER) regarding ownership information for U.S. corporations and trusts; in particular more rapid progress is needed to enhance transparency of legal persons to bolster financial system integrity. Trusts have a different legal and institutional framework. Draft regulations have been produced to strengthen financial institutions' (FIs) obligations to identify and verify the identity of beneficial owners and policy intentions announced to improve the authorities' access to information on the beneficial ownership (BO) and control of U.S. corporations. These measures—to address deficiencies identified in the last FATF MER of June 2006—are progressing slowly. However, in 2010 U.S. tax authorities began requiring information that includes some BO information from legal entities and trusts applying for an Employer Identification Number (EIN), which is required when they have income, employees, or are otherwise required to file any documents with the Internal Revenue Service (IRS) or open an account with an FI. Nonetheless, deficiencies remain, and even when completed, the intended changes may not completely address all of the deficiencies cited in the last FATF mutual evaluation report.

The approach taken by law enforcement agencies (LEAs) to access BO information—relying largely on a wide range of investigative powers and techniques— while often successful cannot always ensure timely access to current BO information of all U.S. corporations. The inability to access accurate BO information directly from states, FIs or agents serving corporations or trusts may curtail how effective the authorities can be in pursuing criminally persons who misuse corporations to launder proceeds generated domestically as well as abroad or to trace and recover their illicit assets. This includes laundering associated with taxes evaded in the United States and abroad, by U.S. citizens and foreigners respectively, and to cooperate effectively with their foreign counterparts in this regard. The amount laundered from taxes evaded in the United States may be substantial. Serious tax crimes are not predicate crimes to ML. The authorities estimated the U.S. net tax gap to be around \$450 billion in 2006, excluding international tax evasion, and tax crimes for state taxes.

### **General overview of the U.S. AML/CFT framework**

The United States has a mature legal and institutional AML/CFT framework, having first criminalized money laundering in 1986. The framework covers most requirements of the FATF recommendations. There are many agencies involved in combating ML and FT at both federal and state levels encompassing regulatory, law enforcement, prosecutorial, and other roles. The United States is a founding member of the FATF, and has undergone three assessments against the FATF Recommendations.

The FATF assessment in 2006 found that the United States had implemented an AML/CFT system that was broadly in line with the international standard. It had significantly strengthened its AML/CFT regime since the previous mutual evaluation (June 1997), including through enhanced legislation, subjecting most deposit-taking institutions to the full range of AML/CFT requirements, aggressive law enforcement action, and good cooperation domestically and internationally.

However, shortcomings were identified, notably in relation to some specific requirements for undertaking customer due diligence (CDD), the availability of corporate ownership information, and the requirements applicable to certain designated non-financial businesses and professions (DNFBPs). In relation to CDD, the evaluators determined that not all requirements were imposed on FIs using instruments that complied technically with the FATF standard and also concluded that there were no requirements for FIs to look beyond a customer to establish the identity of the beneficial owners in all cases. The evaluators found that the United States' compliance with the two recommendations dealing with the transparency of legal persons and arrangements was very weak and rated both as non-compliant. In relation to DNFBPs, the United States was found to be non-compliant with the FATF recommendations relating to CDD, recordkeeping, suspicious transaction reporting, and internal controls and partially compliant with the Recommendation on regulation and supervision.

Fund staff, in a TN prepared in the context of the 2010 U.S. FSAP, reported some strengthening of the regime, but also a lack of progress in addressing key deficiencies. The 2010 TN reported on some enhancements to legislation and the continuation of aggressive law enforcement action. It also reported that identified deficiencies relating to CDD, coverage of DNFBPs, and the availability of BO information for legal persons and arrangements remained.

FATF also determined that the United States did not substantially address the identified shortcomings since the 2006 mutual evaluation. Under FATF procedures for its third round of mutual evaluations countries were required to report back to the FATF on steps taken to address deficiencies noted in their MERs with respect to the Recommendations that were rated as partially compliant or non-compliant. In the case of the United States, these were Recommendations on CDD for FIs, CDD and recordkeeping for DNFBPs, suspicious transaction reporting and internal controls for DNFBPs, regulation and supervision of DNFBPs, transparency of legal persons, and transparency of legal arrangements. Following the 2006 mutual evaluation, the FATF required the United States to report on progress addressing its deficiencies. The third round follow-up process was postponed pending the outcome of the U.S. fourth round mutual evaluation, which began on June 1.

### **Transparency and Beneficial Ownership Of U.S. Legal Persons And Arrangements**

Broadly speaking, there are three main types of legal persons and arrangements in the United States: corporations (including limited liabilities companies), partnerships, and trusts. More than 30 million legal persons and arrangements exist, but the precise figure is unknown. They are also able to be owned or controlled by non-residents, but the extent of such ownership is also unknown. The following discussions on corporations focus on those that are not publicly traded.

It has been long recognized that U.S. corporations may be misused for ML and related predicate crimes, both by U.S. and foreign persons. The 2006 MER noted that a threat

assessment identified the formation of shell companies within certain states as a serious cause for concern, and there is general agreement among LEAs that, while the vast majority of corporations pursue legal activities, others are being misused for ML (including laundering of proceeds from foreign offenses) and related predicate crimes. As identified by the authorities, corporations may be used as a front to open bank accounts without revealing the identity of the individuals who own or control the account, and corporate vehicles are a common method used to place, layer, and integrate illicit proceeds in the financial system. The authorities indicated that they reviewed ML-related indictments from 2006 to 2012 and found many cases involving the use of corporations.

In contrast, trusts are generally considered by most authorities to pose low ML/FT risks. In the United States, a trust is a legal arrangement created between two private persons or a private person and a trust company under state law. Trust companies are authorized to act in a fiduciary (i.e., trustee) capacity and are subject to the Bank Secrecy Act. However, lawyers and accountants who assist with setting up trusts are unregulated for AML/CFT. The LEAs who met with the mission are of the view that trusts are not particularly attractive vehicles to those wishing to hide their activities, particularly compared to corporations, because of tax reporting obligations. However, some authorities believe that the ML/FT risks posed by trusts are not necessarily lower. The mission was unable to access more information about the ML/FT risks posed by trusts governed by U.S. laws.

#### **Developments since the 2006 MER**

The United States has made efforts aimed at strengthening the legal and regulatory frameworks with a view to enhancing transparency of corporations since the 2006 MER, but in substance, there has been no real progress. These efforts have included:

- In 2010, the IRS revised form SS-4 which is used to request an Employer Identification Number (EIN), including by corporations and trusts. The revised SS-4 now requires the applicant to provide the name of a “responsible party.” This is the party that controls, manages, or directs the entity and the disposition of its funds and assets. All EIN applications must disclose the name and the Taxpayer Identification Number of the responsible party.
- Subsequently, the White House included in its 2015 and 2016 budget proposals an initiative, which, according to the authorities, would allow LEAs access to the SS-4 information in certain circumstances and impose AML/CFT obligations on company service providers. However, the initiative has its limitations, including that the IRS would only be able to share information to help with domestic and not foreign-based ML/FT investigations, and the proposal does not seek to make BO information available to FIs or DNFBPs, so does not assist them with their efforts to verify BO of corporate customers and commercial trusts.
- In March 2010, a multi-agency guidance (*Guidance on Obtaining and Retaining Beneficial Ownership Information*) was issued that seeks to clarify and consolidate “existing regulatory expectations” for obtaining BO information for “certain accounts and customer relationships”.
- Developing regulations to strengthen the CDD requirements for FIs, including in relation to collection of BO information. This eventually led to a Notice of Proposed Rule Making (NPRM), titled “Customer Due Diligence Requirements for Financial

Institutions”, being issued on August 4, 2014 for public comment. A preliminary analysis of the NPRM conducted by the FATF Secretariat indicates that FATF does not consider the proposed rules, as drafted, are fully in line with its standard. In addition, staff notes that the form entitled “certification of beneficial owners” introduced as part of the NPRM appears not to fully capture the control component of the proposed definition for beneficial owners.

The most recent efforts, including the NPRM and the White House budget announcements, are not likely to be enacted in the foreseeable future. The rules proposed in the NPRM have not been finalized, and it is unclear when and in what form they might take effect. The comment period for the NPRM closed on October 3, 2014. Once analysis of the comments received is complete, the authorities will determine how best to address the issues raised in the comments and the appropriate next steps in the rulemaking process. Significant changes to the NPRM, if necessary, could require an additional period to allow for further public comments. There is no estimate for when the budget announcements will be turned into concrete legislative proposals.

### **Collecting, accessing, and sharing information about beneficial ownership**

The formation, operation, and dissolution of U.S. corporations are governed by state law, and some basic information is collected and maintained by corporation registries at the state level. Forming a corporation in the United States is usually a simple process; the mechanics vary from state to state, although they are usually quite similar. Every state requires the filing of a corporate governance document (called the “articles of incorporation,” “certificate of incorporation,” or “charter”) with a state official (usually the Secretary of State). In many states, filed documents are not required to contain all the basic information (such as legal ownership) required by the FATF, especially in states that have a strategy of promoting corporation formation by non-residents. Fourteen states impose no requirement to report the identities of either shareholders or managers: (Arkansas, Mississippi, Colorado, Missouri, Delaware, New York, Indiana, Ohio, Iowa, Oklahoma, Maryland, Pennsylvania, Michigan, and Virginia); eight states and the District of Columbia require a limited liability company to report the identities of managers only: (Massachusetts, Tennessee, North Carolina, Vermont, Rhode Island, Wisconsin, South Carolina, the District of Columbia, and South Dakota); twenty-four states require a limited liability company to report the identities of shareholders, but only when the limited liability company lacks managers: (California, Nebraska, Connecticut, Nevada, Florida, New Hampshire, Georgia, New Jersey, Hawaii, New Mexico, Idaho, North Dakota, Illinois, Oregon, Kentucky, Texas, Louisiana, Utah, Maine, Washington, Minnesota, West Virginia, Montana, and Wyoming). Only four states require a limited liability company to always report the identities of shareholders: (Alabama, Arizona, Alaska, and Kansas). On the other hand, the authorities indicated that in periodic reports 45 states require corporations to collect the names and addresses of officers and/or directors, and 32 states require limited liability corporations to collect the names and addresses of members or managers. These states also tend to require less information (including, in some cases, not to share corporate income tax information with the IRS), charge only minimal fees, and heavily involve incorporation service providers (agents) to assist the incorporating process, in some cases acting as nominee shareholders. The Office of the Secretary of State reviews each filing to ensure that it meets the state’s statutory requirements; however, the information contained in the filing is generally not verified. All information collected during the process is maintained at the state corporation registries and is mostly publicly available. Trusts are not required to be registered except for filing certain information with the IRS (discussed below).

States corporation registries and incorporation agents are not currently collecting BO information, but some of this information may be collected by the IRS in certain circumstances. When U.S. corporations and trusts apply to the IRS to receive a tax identification number, known as an EIN, some BO information must be submitted in IRS form SS-4 under the concept of “responsible party.” The definition of “responsible party” may not be consistent with the definition of beneficial owner as defined by the FATF in all cases. Moreover, an EIN is not required for corporations that neither maintain an account with a FI nor meet any of several other criteria. Staff notes that it is common for corporations to be established to hold assets (e.g., real estate), and may not require the use of an account at a FI or the employment of personnel or the filing other tax documents and, therefore, may have no requirement under U.S. law to apply for an EIN. Similarly, a U.S. corporation being used to launder foreign proceeds abroad could do so without an EIN except in circumstances where it had interactions with the United States (e.g., it has a FI account in, does business in, or repatriates profits to the United States). The authorities were unable to indicate the total number of U.S. corporations or what proportion has an EIN. Trusts, except grantor trusts, are generally required to apply for an EIN and file annual tax returns, whereas for grantor trusts, the trusts’ tax return information is reported as part of the grantor’s own income tax return.

FIs are still only obliged to collect BO information of corporations and trusts in limited cases. This has not fundamentally changed since the 2006 MER because the rules proposed in NPRM have not been enacted. However, in practice, according to the authorities, many FIs do collect such information in certain circumstances based on regulatory guidance. Depository institutions are required to have enhanced due diligence procedures when opening accounts for customers they determine pose a higher risk and among the procedures suggested in such circumstances is collecting beneficial ownership information, but this is not a requirement. Domestic business entities (which include corporations and trusts) are identified as an example of customers that may pose specific risks—with shell companies being identified as presenting heightened risks. Thus, the mission notes that the collection of such BO information according to the guidance will depend on whether a corporation or a trust is considered higher risk, rather than in all cases as required by the FATF standard. Regarding trusts, the authorities stated that FIs, in addition to identifying and verifying the identity of the trust, generally also identify and verify the identity of the trustee, who would necessarily have to open the account for the trust despite the absence of a mandatory requirement. In addition, guidance for banks provides that “in certain circumstances involving revocable trusts, the bank may need to gather information about the settlor, grantor, trustee, or other persons with the authority to direct the trustee, and who thus have authority or control over the account, in order to establish the true identity of the customer.”

### **Access to BO information by LEAs and other authorities**

Suspicious Activity Reports (SARs) were mentioned by the LEAs as an occasional source of BO information. In the absence of obligations for FIs to identify beneficial owners, the BO information contained in SARs filed with FinCEN may be limited.

IRS investigators have direct access to BO information held in the tax registration system and other LEAs can also gain access to this information. According to the authorities, the IRS’s Criminal Investigation Division has direct access to information in form SS-4 when investigating potential criminal violations of the Internal Revenue Code. However, all LEAs, including the

IRS, need a court order to access this IRS information when investigating ML or any non-tax violation. In discussions, the authorities indicated that obtaining such court orders was relatively straightforward. The information available on form SS-4 may assist with identifying beneficial owners for all applicants for an EIN after January 2010, and information provided prior to January 2010 may not relate to BO.

Non-IRS LEAs indicated that they supplement the information available to them with a full array of investigative techniques to locate the ultimate beneficial owner of corporations and trusts, which they consider to be an effective approach. The use of these techniques is triggered when illicit activity is suspected. Often the starting point in relation to corporations is whatever information that is publicly available in the state registries, which most LEAs have access to. Federal LEAs can then utilize judicial processes to obtain records of BO from FIs and the related corporations (in practice their named officers and representatives). These processes include the use of grand jury subpoenas, search warrants, and administrative subpoenas. In some cases, mutual legal assistance has to be sought to trace BO, and the authorities indicated this can, on occasion, prove challenging or slow. A number of mechanisms have also been established to foster inter- agency cooperation and information exchange about BO among LEAs. Most LEAs believe that they regularly obtain BO information using these techniques, citing the case of Liberty Reserve as a very complex and successful example. It is, however, challenging for staff to ascertain how systematic or representative the successful cases are. In the case of trusts, the authorities indicated that the trustee is generally required by state common and statutory laws to maintain at all times the names of any other trustee, any protector, and all beneficiaries which can be obtained by LEAs through judicial processes.

Nonetheless, the use of investigative techniques may not always guarantee timely access by non-IRS LEAs to BO information. Although the range of investigative powers available to LEAs (and certain regulators)—at both the federal and state levels—to compel the disclosure of BO information is sound and widely used, the LEAs met by staff have found such processes time consuming and resource-intensive at times, depending on the specific circumstances of the case and could require the commitment of greater resources. In addition, LEAs indicated that they would welcome legal reforms that would enable easier access to IRS information and introduce obligations for FIs and DNFBPs to collect BO information.

Moreover, the adequacy, currency, and accuracy of the BO information that could be obtained by LEAs is not guaranteed. As noted above, the availability of BO information held by the IRS and FIs requires some activity or other basis for a requirement to obtain an EIN or an account with a FI respectively. BO information that is collected on revised IRS Form SS-4 is available to law enforcement, and/or can often be obtained through investigative techniques when there is an ongoing criminal investigation, including from FIs if a business relationship exists. Corporations with no U.S.-reportable profits or direct use of the U.S. financial system or otherwise required to obtain an EIN escape U.S. obligations to provide required information on “responsible party” to the IRS, and their BO information therefore cannot be obtained unless the corporation is under a criminal investigation.

### **International cooperation**

The relative ease with which U.S. corporations can be established, coupled with their perceived credibility internationally, creates the potential for U.S. corporations to be misused for the laundering of the proceeds of foreign predicate crimes. As noted above, foreign persons may find it convenient to create a U.S. corporation and use it for the laundering of

the proceeds of criminal activities committed outside the United States, including foreign tax evasion. In addition, during discussions with LEAs, some indicated that they commonly come across situations where foreigners launder funds in the United States or other jurisdictions using U.S. corporations.

Limitations on the availability of BO and the authorities' inability to initiate investigations on behalf of foreign counterparts in some circumstances may hamper international cooperation. For tax crimes, but not the laundering of the proceeds from tax crimes, the IRS can exchange BO information on U.S. corporations that have an EIN with foreign tax authorities based on bilateral tax agreements. However, for enquiries relating to U.S.-based corporations without an EIN and for non-tax related foreign requests for assistance in ML investigations, the U.S. authorities are not able to respond in identifying and exchanging information on BO unless they can initiate a criminal investigation in the United States that successfully discovers the BO of the subject corporation(s). This is a particular concern for any foreign requests related to laundering the proceeds of foreign tax evasion in the United States. In such cases, since tax evasion is not a predicate offense to ML in the United States, an investigation cannot be initiated in the United States to obtain the BO information to provide the requested assistance. With respect to international cooperation for tax purposes, the Organization for Economic Co-operation and Development's Global Forum on Transparency and Exchange of Information for Tax Purposes has found the United States to be not fully compliant with its principles in relation to availability of information on ownership. The unsatisfactory availability of BO information on U.S.-based corporations is likely to frustrate international cooperation, not just in relation to requests to the United States relating to BO information, but also in the sense of impeding reciprocity that the United States needs to obtain cooperation from foreign counterparts.

## **Recommendations**

The authorities regularly use investigative techniques to obtain BO information about U.S. corporations and trusts. Their use of such techniques could be made more effective if requirements to collect and maintain BO information were strengthened. The authorities are recommended to expeditiously take steps to ensure that accurate BO information of U.S. corporations and trusts can be accessed by the competent authorities in a timely manner, in particular by: (i) requiring that such information is collected and maintained by either registries of corporations and trusts, agents serving corporations and trusts, or corporations and trusts, and accessible by competent authorities in a timely manner; and (ii) requiring all FIs and DNFBPs, in particular trust and company service providers (TCSPs) including lawyers and accountants providing such services, to identify the beneficial owners of corporations and trusts and take reasonable measures to verify those identities. In addition, in order to facilitate combating the laundering of tax crimes, including through international cooperation, the authorities are recommended to make serious tax crimes predicate offenses to ML. Laundering in the United States of proceeds associated with taxes evaded abroad cannot trigger criminal investigations in the United States since tax crimes are not predicate offense to ML in the United States.

### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, the United States conforms with regard to all government legislation required to combat money laundering

### **EU White list of Equivalent Jurisdictions**

The United States is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Although some States in the USA offer offshore financial services e.g. Delaware, the United States is not considered to be an Offshore Financial Centre

### US State Dept Narcotics Report:

No report available

### US State Dept Trafficking in Persons Report 2014 (introduction):

The USA is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

The United States is a source, transit, and destination country for men, women, and children—both U.S. citizens and foreign nationals—subjected to sex trafficking and forced labor, including domestic servitude. Trafficking can occur in both legal and illicit industries or markets, including in brothels, escort services, massage parlors, strip clubs, street prostitution, hotel services, hospitality, sales crews, agriculture, manufacturing, janitorial services, construction, health and elder care, and domestic service. Individuals who entered the United States with and without legal status have been identified as trafficking victims, including participants in visa programs for temporary workers who filled labor needs in many of the industries described above. Abuse of third-country nationals providing services for U.S. defense contracts in Afghanistan also has been noted by the media. NGOs reported that visa holders employed as domestic workers were subjected to forced labor by personnel of foreign diplomatic missions and international organizations posted to the United States; Native American women and girls were trafficked for the purpose of commercial sex acts; and LGBT youth were particularly vulnerable to traffickers, including a report by one NGO that transgender females were compelled to engage in commercial sex by withholding hormones. The top countries of origin of federally identified victims in fiscal year (FY) 2013 were the United States, Mexico, the Philippines, Thailand, Honduras, Guatemala, India, and El Salvador.

The U.S. government fully complies with the minimum standards for the elimination of trafficking. Federal law enforcement prosecuted more cases than in the previous reporting period, obtained convictions of sex and labor trafficking offenders, and continued to strengthen training efforts of government officials at the federal, state, and tribal levels. Likewise, there were reports of increased prosecutions at the state level; each of the 50 states, the District of Columbia, and all U.S. territories have enacted anti-trafficking laws. The federal government continued to provide multi-faceted support for comprehensive victim services, including a pathway to citizenship and access to legal services. In addition, it developed the Federal Strategic Action Plan on Services for Victims of Human Trafficking in the United States, 2013-2017, with input from the public. Greater numbers of trafficking victims and eligible family members obtained long-term immigration relief through T and U visas, and processing times for these visas decreased due to additional resources. Prevention efforts were expanded to new audiences and industries. Challenges remained: NGOs noted the critical need for an increase in the overall funding for comprehensive services; and some trafficking victims, including those under the age of 18 years were reportedly detained or prosecuted for criminal activity related to their being trafficked, notwithstanding the federal

policy that victims should not be inappropriately penalized solely for unlawful acts committed as a direct result of being trafficked and similar “safe harbor” laws in some states.

### **US State Dept Terrorism Report**

No report available

## International Sanctions

None Applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	74
World Governance Indicator – Control of Corruption	90

## Corruption and Government Transparency - Report by Global Security

### Political Climate

The US, together with the UK, possesses among the world's most stringent and wide-reaching anti-corruption legislation. The Foreign Corrupt Practices Act (FCPA) of 1977 is the world's first major piece of anti-corruption legislation and makes it illegal to bribe foreign government officials. The US is the world leader in enforcement of anti-corruption legislation, with over 71 individuals and 88 enterprises prosecuted under the provisions of the FCPA since 2002, leading to glowing reports from the OECD in a 2010 press release. For more information, see the special page on the FCPA and the Business Anti-Corruption Portal's description of the FCPA.

The American political system is influenced by high-levels of political campaign contributions and lobbying spending by companies. The Supreme Court opinion in *Citizens United vs. Federal Election Commission* scrapped limits on independent political expenditures by companies and unions. This has led to the formation of "super PACs" (political action committees), which may spend unlimited amounts of money on independent political expenditures, usually advertising, but may not be coordinated with individual political parties or candidates.

Over two-thirds of citizens surveyed in Transparency International's Global Corruption Barometer 2013 perceive political parties to be the most corrupt institution closely followed by Congress. Furthermore, 60% of respondents consider the current government's actions ineffective in the fight against corruption, and a similar 59% believe that corruption has increased over the past two years.

### Business and Corruption

Companies doing business in the US should be aware that US anti-corruption legislation, most notably the FCPA, criminalises corrupt activity abroad. Many high-profile corruption cases involve US investigations and prosecutions of US and foreign companies bribing foreign public officials, including recent deferred prosecution cases with Swiss-based Weatherford International and German-based Bilfinger for bribery payments made outside the US, according to a November 2013 article by Bloomberg News and a December article by Engineering News-Record.

Corruption in local public procurement, especially at country and city levels, is widely reported by the media and has resulted in lengthy prison sentences and heavy fines. Companies doing business with public procurements are recommended to use a specialised public procurement due diligence tool when considering tenders. In addition, companies are recommended to set up and strengthen integrity systems and conduct due diligence when investing or planning to invest.

Among countries with a population over 10 million, the US is ranked number two, behind Germany, for overall competitiveness by business executives in the World Economic Forum Global Competitiveness Report 2013-2014. In the same report, 1.7% of respondents, a decrease from 2.5% in the previous report, consider corruption to be the most problematic factor for doing business. Encountering high-levels of corruption abroad is one of the leading reasons why companies do not move existing activities outside the US, according to Harvard Business School's 2012 Survey on US Competitiveness: Prosperity at Risk.

### **Regulatory Environment**

The US economy is generally open and liberal; however, regulations for certain industries can be quite burdensome, and new regulations usually follow high-profile corruption cases. The FCPA came in the wake of reported foreign corruption cases involving US companies, the Sarbanes-Oxley Act came after the Enron and WorldCom cases, and the Dodd-Frank Act has followed the global financial crisis. Companies complain of the uncertainty of future US regulations, according to Harvard Business School's 2012 Survey on US Competitiveness: Prosperity at Risk.

The FCPA, The Sarbanes-Oxley Act, Dodd-Frank Act and the Travel Act are among the significant pieces of legislation regulating corruption in the US and abroad. The Travel Act of 1961 has frequently been used to prosecute corrupt acts and makes bribery that occurs over state or national borders illegal, including commercial bribery. The Sarbanes-Oxley Act creates new standards for corporate accountability, with Section 404 being the most costly to implement. It requires that all financial reports be accompanied by a report on internal controls. The Dodd-Frank Act introduces greater accountability and transparency of the financial system. The SEC, in 2002, adopted rules from that Dodd-Frank Act requiring resource extraction companies to disclose any payments to the US or foreign government over USD 100,000, and affected companies must comply with the new rules from September 2013.

Some regulations may pose a burden for foreign companies doing business in the US. Chief among them is the Buy American Provision in the American Recovery and Reinvestment Act of 2009, which prohibits the use of recovery funds in a project for the construction, alteration, maintenance or repair of a public building or public work unless the iron, steel and manufactured goods used in the project were produced in the US. Canadian companies are exempt from this law. The Buy American Desk Guide can be downloaded here.

### Section 3 - Economy

The US has the largest and most technologically powerful economy in the world, with a per capita GDP of \$49,800. In this market-oriented economy, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace. US business firms enjoy greater flexibility than their counterparts in Western Europe and Japan in decisions to expand capital plant, to lay off surplus workers, and to develop new products. At the same time, they face higher barriers to enter their rivals' home markets than foreign firms face entering US markets. US firms are at or near the forefront in technological advances, especially in computers and in medical, aerospace, and military equipment; their advantage has narrowed since the end of World War II. The onrush of technology largely explains the gradual development of a "two-tier labor market" in which those at the bottom lack the education and the professional/technical skills of those at the top and, more and more, fail to get comparable pay raises, health insurance coverage, and other benefits. Since 1975, practically all the gains in household income have gone to the top 20% of households. Since 1996, dividends and capital gains have grown faster than wages or any other category of after-tax income. Imported oil accounts for nearly 55% of US consumption. Crude oil prices doubled between 2001 and 2006, the year home prices peaked; higher gasoline prices ate into consumers' budgets and many individuals fell behind in their mortgage payments. Oil prices climbed another 50% between 2006 and 2008, and bank foreclosures more than doubled in the same period. Besides dampening the housing market, soaring oil prices caused a drop in the value of the dollar and a deterioration in the US merchandise trade deficit, which peaked at \$840 billion in 2008. The sub-prime mortgage crisis, falling home prices, investment bank failures, tight credit, and the global economic downturn pushed the United States into a recession by mid-2008. GDP contracted until the third quarter of 2009, making this the deepest and longest downturn since the Great Depression. To help stabilize financial markets, in October 2008 the US Congress established a \$700 billion Troubled Asset Relief Program (TARP). The government used some of these funds to purchase equity in US banks and industrial corporations, much of which had been returned to the government by early 2011. In January 2009 the US Congress passed and President Barack OBAMA signed a bill providing an additional \$787 billion fiscal stimulus to be used over 10 years - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. In 2010 and 2011, the federal budget deficit reached nearly 9% of GDP. In 2012 the federal government reduced the growth of spending and the deficit shrank to 7.6% of GDP. Wars in Iraq and Afghanistan required major shifts in national resources from civilian to military purposes and contributed to the growth of the budget deficit and public debt. Through 2011, the direct costs of the wars totaled nearly \$900 billion, according to US government figures. US revenues from taxes and other sources are lower, as a percentage of GDP, than those of most other countries. In March 2010, President OBAMA signed into law the Patient Protection and Affordable Care Act, a health insurance reform that was designed to extend coverage to an additional 32 million American citizens by 2016, through private health insurance for the general population and Medicaid for the impoverished. Total spending on health care - public plus private - rose from 9.0% of GDP in 1980 to 17.9% in 2010. In July 2010, the president signed the DODD-FRANK Wall Street Reform and Consumer Protection Act, a law designed to promote financial stability by protecting consumers from financial abuses, ending taxpayer bailouts of financial firms, dealing with troubled banks that are "too big to fail," and improving accountability and transparency in the financial system - in particular, by

requiring certain financial derivatives to be traded in markets that are subject to government regulation and oversight. In December 2012, the Federal Reserve Board (Fed) announced plans to purchase \$85 billion per month of mortgage-backed and Treasury securities in an effort to hold down long-term interest rates, and to keep short term rates near zero until unemployment drops below 6.5% or inflation rises above 2.5%. In late 2013, the Fed announced that it would begin scaling back long-term bond purchases to \$75 billion per month in January 2014 and reduce them further as conditions warranted; the Fed, however, would keep short-term rates near zero so long as unemployment and inflation had not crossed the previously stated thresholds. Long-term problems include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits.

**Agriculture - products:**

wheat, corn, other grains, fruits, vegetables, cotton; beef, pork, poultry, dairy products; fish; forest products

**Industries:**

highly diversified, world leading, high-technology innovator, second largest industrial output in world; petroleum, steel, motor vehicles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, mining

**Exports - commodities:**

agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0%

**Exports - partners:**

Canada 18.9%, Mexico 14%, China 7.2%, Japan 4.5% (2012)

**Imports - commodities:**

agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, furniture, toys)

**Imports - partners:**

China 19%, Canada 14.1%, Mexico 12%, Japan 6.4%, Germany 4.7% (2012)

**Banking**

Depository institutions in the U.S. may be chartered at either national or state level, and may be involved in any of the following activities: safeguarding money and valuables; providing

loans and credit; offering payment services, such as checking accounts, money orders, and cashier's checks; dealing and holding Treasury and agency debt securities. With the passage of the Gramm-Leach-Bliley Financial Modernization Act in 1999, depository institutions also may affiliate more broadly with securities and insurance underwriters. This was previously generally prohibited.

Commercial banks in the U.S. offer a full range of services for individuals, businesses, and governments and range in size from global banks to regional and community banks. Global banks are involved in international lending and foreign currency trading, in addition to the more typical banking services. Regional banks have numerous branches and ATM locations throughout a multi-state area that provide banking services to individuals. Community banks are based locally and typically target retail and small businesses markets in their respective communities. In recent years, online banks, which provide all services entirely over the Internet, have entered the market. Moreover, many traditional banks also have expanded to offer online banking, and some formerly Internet-only banks are opting to open branches. Savings banks and savings and loan associations (frequently called thrift institutions) cater mostly to the savings and lending needs of individuals. A credit union is a member-owned, member-controlled, not-for-profit cooperative financial institution formed to permit groups of persons who share a "common bond" to save, borrow, and obtain related financial services and to participate in its management.

## Stock Exchange

Equity securities are primarily traded on registered securities exchanges, like the New York Stock Exchange (NYSE) and the National Association of Securities Dealers Automated Quotation Systems (NASDAQ), and to a much lesser extent on over-the-counter markets (OTC markets).

The major stock exchanges are as follows: -

American Stock Exchange

Boston Stock Exchange

Chicago Stock Exchange

NASDAQ

National Stock Exchange

New York Stock Exchange

NYSE Arca

Philadelphia Stock Exchange NASDAQ OMX PHLX

**Openness to, and Restrictions Upon, Foreign Investment ([US Government Accountability Office](#))**

Foreign investors in U.S. companies or assets include individuals, companies, and government entities. One type of foreign investor that has been increasingly active in world markets is sovereign wealth funds (SWF), government-controlled funds that seek to invest in other countries. As the activities of these funds have grown they have been praised as providing valuable capital to world markets, but questions have been raised about their lack of transparency and the potential impact of their investments on recipient countries. GAO's second report on SWFs reviews (1) U.S. laws that specifically affect foreign investment, including that by SWFs, in the United States and (2) processes agencies use to enforce them. GAO reviewed policy statements, treaties, and U.S. laws, and interviewed and obtained information from agencies responsible for enforcing these laws. GAO also interviewed legal experts and organizations that track state foreign investment issues.

While the United States has a general policy of openness to foreign investment, it does restrict foreign investment, including from SWFs, in certain U.S. assets. The U.S. government has issued policy statements supporting openness to foreign investment and entered into international agreements to protect investors. However, sectors with specific restrictions on foreign investments include transportation, communications, and energy. For example, foreign governments may not be issued radio communications licenses and foreign entities are not allowed to own or control more than 25 percent of the voting interest of any U.S. airline. In other cases, foreign investors can purchase companies or assets in a sector but face restrictions on their activities once they invest. For example, foreign companies can invest in U.S. banks, but if a company's stake exceeds 25 percent or the company would control the bank, the company must receive prior approval and become regulated by banking regulators and would be limited in the types of nonbanking activities in which it can also invest. Foreign investors can generally invest in U.S. agricultural land, but must disclose purchases above certain thresholds to the Department of Agriculture (Agriculture). In addition, while not specifically a restriction on foreign investment, a recently strengthened U.S. law authorizes interagency reviews of certain foreign investments, potentially in any sector, for national security considerations. Most federal laws limiting foreign investment were put in place decades ago in response to national security or economic concerns at the time. GAO's analysis of state-level restrictions on foreign investment indicated that some states had restrictions on foreign entities' ability to invest in real estate, including agricultural land, and some had restrictions on foreign government ownership of insurance companies. The agencies responsible for enforcing the U.S. laws affecting foreign investment--Agriculture, Department of Transportation (DOT), Federal Reserve Board, Federal Communications Commission (FCC), Nuclear Regulatory Commission, and Department of the Interior--have processes for addressing key elements of enforcement, including those for (1) identifying all transactions subject to the law, (2) verifying the identity and amount of foreign ownership, and (3) monitoring changes in ownership. To identify investments potentially subject to restrictions and disclosure laws, each agency largely relies on requirements that entities seeking to establish new operations or invest in existing ones must first seek approval or

licensing, or disclose their activity. To verify foreign ownership and ensure limits are not exceeded, agencies obtain and verify information about investor identities through information provided by the investors. Finally, to ensure that subsequent changes of ownership are disclosed and do not exceed legal limits, agencies review information from required ownership change declarations. Some agencies reported additional processes to identify new investments and ownership changes such as monitoring press releases, and receiving tips from competitors. Some agencies, but not all, reported using data from other government or private sources to independently verify changes in ownership information self-reported by entities in their sector.

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For further information - <http://www.house.gov/representatives/>

### Legal system:

common law system based on English common law at the federal level; state legal systems based on common law except Louisiana, which is based on Napoleonic civil code; judicial review of legislative acts

### International organization participation:

ADB (nonregional member), AfDB (nonregional member), ANZUS, APEC, Arctic Council, ARF, ASEAN (dialogue partner), Australia Group, BIS, BSEC (observer), CBSS (observer), CD, CE (observer), CERN (observer), CICA (observer), CP, EAPC, EAS, EBRD, EITI (implementing country), FAO, FATF, G-20, G-5, G-7, G-8, G-10, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCs, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, ISO, ITS, ITU, ITUC (NGOs), MIGA, MINUSTAH, MONUSCO, NAFTA, NATO, NEA, NSG, OAS, OECD, OPCW, OSCE, Paris Club, PCA, PIF (partner), SAARC (observer), SELEC (observer), SICA (observer), SPC, UN, UNCTAD, UNESCO, UNHCR, UNITAR, UNMIL, UNMISS, UNRWA, UNSC (permanent), UNTSO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

## Section 6 - Tax

### Exchange control

No direct exchange controls exist. Transactions in currency of \$10,000 or more must be reported to the US Department of Treasury. Multiple related transactions must be treated as a single transaction for disclosure purposes. The direct or indirect transportation of currency or other monetary instruments exceeding \$10,000 to a foreign jurisdiction must also be reported. Transfers through normal banking procedures that do not involve the physical transportation of currency are not required to be disclosed.

### Treaty and non-treaty withholding tax rates

United States has exchange of information relationships with 102 jurisdictions through 61 DTCs, 31 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Antigua and Barbuda	TIEA	6 Dec 2001	10 Feb 2003	Yes	No	
Aruba	TIEA	21 Nov 2003	13 Sep 2004	Yes	Yes	
Australia	DTC	6 Aug 1982	1 Dec 1983	Yes	No	
Austria	DTC	31 May 1996	1 Feb 1998	No	No	
Bahamas, The	TIEA	25 Jan 2002	1 Jan 2006	Yes	No	
Bangladesh	DTC	26 Sep 2004	7 Aug 2006	Unreviewed	Yes	
Barbados	DTC	31 Dec 1984	28 Feb 1986	Yes	No	
Barbados	TIEA	3 Nov 1984	3 Nov 1984	Yes	No	
Belgium	DTC	27 Nov 2006	28 Dec 2007	Yes	Yes	
Bermuda	DTC	11 Jul 1986	2 Dec 1988	Yes	No	
Bermuda	TIEA	2 Dec 1988	2 Dec 1988	Yes	No	
Brazil	TIEA	20 Mar 2006	19 Mar 2013	Yes	Yes	
Bulgaria	DTC	23 Feb 2007	15 Dec 2008	Unreviewed	Yes	
Canada	DTC	26 Sep 1980	16 Aug 1984	Yes	Yes	
Cayman Islands	TIEA	27 Nov 2001	10 Mar 2006	Yes	Yes	
Cayman Islands	TIEA	29 Nov 2013	not yet in force	Unreviewed	Yes	
Chile	DTC	4 Feb 2010	not yet in force	Yes	Yes	
China	DTC	30 Apr 1984	22 Oct 1986	Yes	No	
Colombia	TIEA	30 Mar 2001	not yet in force	Unreviewed	No	
Costa Rica	TIEA	15 Mar 1989	12 Feb 1991	Yes	No	
Curaçao	TIEA	17 Apr 2002	22 Mar 2007	Yes	Yes	
Cyprus	DTC	19 Mar 1984	31 Dec 1985	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Czech Republic	DTC	16 Sep 1993	23 Dec 1993	Yes	No	
Denmark	DTC	19 Aug 1999	29 Jan 2001	Yes	Yes	
Dominica	TIEA	1 Oct 1987	9 May 1988	No	No	
Dominican Republic	TIEA	7 Aug 1989	12 Oct 1989	Unreviewed	No	
Egypt	DTC	24 Aug 1980	31 Dec 1981	Unreviewed	No	
Estonia	DTC	15 Jan 1998	30 Dec 1999	Yes	No	
Finland	DTC	21 Sep 1989	1 Jan 1991	Yes	Yes	
France	DTC	31 Aug 1994	30 Dec 1995	Yes	Yes	
Germany	DTC	29 Aug 1989	1 Jan 1991	Yes	Yes	
Gibraltar	TIEA	31 Mar 2009	22 Dec 2009	Yes	Yes	
Greece	DTC	20 Feb 1950	1 Jan 1953	Yes	No	
Grenada	TIEA	18 Dec 1986	13 Jul 1987	Yes	No	
Guernsey	TIEA	19 Sep 2002	30 Mar 2006	Yes	Yes	
Guyana	TIEA	22 Jul 1992	27 Aug 1992	Unreviewed	No	
Honduras	TIEA	27 Sep 1990	11 Oct 1991	Unreviewed	No	
Hungary	DTC	4 Feb 2010	not yet in force	Yes	Yes	
Hungary	DTC	12 Feb 1979	12 Sep 1979	Yes	No	
Iceland	DTC	23 Oct 2007	15 Dec 2008	Yes	Yes	
India	DTC	12 Sep 1989	1 Jan 1991	Yes	No	
Indonesia	DTC	11 Jul 1988	30 Jan 1990	Yes	No	
Ireland	DTC	28 Jul 1997	1 Jan 1998	Yes	No	
Isle of Man	TIEA	3 Oct 2002	1 Jan 2006	Yes	Yes	
Israel	DTC	20 Nov 1975	1 Jan 1995	Yes	No	
Italy	DTC	25 Aug 1999	16 Dec 2009	Yes	No	
Jamaica	DTC	21 Dec 1980	29 Dec 1981	Yes	No	
Jamaica	TIEA	18 Dec 2003	18 Dec 2003	Yes	Yes	
Japan	DTC	6 Nov 2003	30 Mar 2004	Yes	No	
Jersey	TIEA	4 Nov 2002	26 Jun 2006	Yes	Yes	
Kazakhstan	DTC	24 Oct 1993	1 Jan 1996	Unreviewed	No	
Korea, Republic of	DTC	4 Jun 1976	20 Oct 1979	Yes	No	
Latvia	DTC	15 Jan 1998	1 Jan 2000	Unreviewed	No	
Liechtenstein	TIEA	8 Dec 2008	4 Dec 2009	Yes	Yes	
Lithuania	DTC	15 Jan 1998	1 Jan 2000	Yes	No	
Luxembourg	DTC	3 Apr 1996	20 Dec 2000	No	No	
Malta	DTC	8 Aug 2008	23 Nov 2010	Yes	Yes	
Marshall Islands	TIEA	14 Mar 1991	14 Mar 1991	Yes	No	
Mexico	DTC	18 Sep 1992	1 Jan 1994	Yes	No	
Mexico	TIEA	9 Nov 1989	18 Jan 1990	Yes	No	
Monaco	TIEA	8 Sep 2009	11 Mar 2010	Yes	Yes	
Morocco	DTC	1 Aug 1977	30 Dec 1981	Unreviewed	No	
Netherlands	DTC	18 Dec 1992	1 Jan 1994	Yes	No	
New Zealand	DTC	23 Jul 1982	2 Nov 1983	Yes	No	
Norway	DTC	3 Dec 1971	29 Nov 1972	Yes	No	
Pakistan	DTC	1 Jul 1957	21 May 1959	Unreviewed	No	
Panama	TIEA	30 Nov 2010	18 Apr 2011	Yes	Yes	
Peru	TIEA	15 Feb 1990	31 Mar 1993	Unreviewed	No	
Philippines	DTC	1 Oct 1976	16 Oct 1982	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Poland	DTC	13 Feb 2013	not yet in force	Yes	Yes	
Poland	DTC	8 Oct 1974	1 Jan 1976	Yes	No	
Portugal	DTC	6 Sep 1994	1 Jan 1996	Yes	No	
Romania	DTC	4 Dec 1973	26 Feb 1976	Unreviewed	No	
Russian Federation	DTC	17 Jun 1992	1 Jan 1994	Yes	No	
Saint Lucia	TIEA	30 Jan 1987	not yet in force	Yes	No	
Sint Maarten	TIEA	17 Apr 2002	22 Mar 2007	Yes	Yes	
Slovakia	DTC	8 Oct 1993	30 Dec 1993	Yes	No	
Slovenia	DTC	21 Jun 1999	22 Jun 2001	Yes	No	
South Africa	DTC	17 Feb 1997	28 Dec 1997	Yes	No	
Spain	DTC	22 Feb 1990	21 Nov 1990	Yes	No	
Sri Lanka	DTC	14 Mar 1985	12 Jul 2004	Unreviewed	No	
Sweden	DTC	1 Sep 1994	26 Oct 1995	Yes	No	
Switzerland	DTC	2 Oct 1996	19 Dec 1997	No	No	
Thailand	DTC	26 Nov 1996	15 Dec 1997	Unreviewed	No	
Trinidad and Tobago	DTC	9 Jan 1970	30 Dec 1970	Yes	No	
Trinidad and Tobago	TIEA	11 Jan 1989	9 Feb 1990	Yes	No	
Tunisia	DTC	17 Jun 1985	26 Dec 1990	Unreviewed	No	
Turkey	DTC	28 Mar 1996	19 Dec 1997	Yes	No	
Ukraine	DTC	4 Mar 1994	5 Jun 2000	Unreviewed	No	
United Kingdom	DTC	24 Jul 2001	31 Mar 2003	Yes	No	
Venezuela	DTC	25 Jan 1999	30 Dec 1999	Unreviewed	No	
Virgin Islands, British	TIEA	3 Apr 2002	10 Mar 2006	Yes	Yes	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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