

Glossary

Administrative Penalty: Civil sanction- either monetary or not- imposed on the violation of an act, regulation or the law which is not considered a crime, and is designed to secure compliance.

Annual Accounts: Annual financial statements issued by a legal entity in accordance with the legislation and regulation of the country in which it is incorporated. The statements will normally include a profit and loss account showing its income and expenditure during the period and its net profit plus an estimate of taxation liabilities that will arise from them, a cash flow statement showing how it used the net cash surplus or deficit that it generated during the year, a balance sheet showing its total assets and liabilities at the year-end and notes to the accounts which explain each of the statements.¹

Annual Return: Annual statements issued which gives a general information about a legal entity's composition, activities and financial position (e.g. particulars of its directors and shareholders, registered office address, etc.)²

Bearer shares: Bearer shares are shares which are not registered, where the owner can be any person physically holding the share certificate and the transferring of the ownership involves only delivering the physical certificate.³

Beneficial owner: The real human person who has the right to enjoy the income or capital that possession of property might provide. The term is used to contrast with the legal or nominee owners of property and with trustees, all of whom might be recorded as having legal title to property without possessing the right to enjoy the benefits of using it.⁴

Company Registration: The process of setting up a new legal entity that can keep profits, pay tax and which is legally and financially distinct from those who operate it⁵.

¹ <https://www.financialsecrecyindex.com/Archive2009/Notes%20and%20Reports/Glossary.pdf>

² <http://www.ecrforum.org/wp-content/uploads/2015/12/Guide-to-Survey-in-English.pdf>

³ <https://www.financialsecrecyindex.com/PDF/3-Recorded-Company-Ownership.pdf>

⁴ <https://www.financialsecrecyindex.com/Archive2009/Notes%20and%20Reports/Glossary.pdf>

⁵ https://ec.europa.eu/info/sites/info/files/impact_of_use_of_digital_tools_final_report.pdf

Control of a Corporation: Owning more than half of the shares or equity of a corporation in a way which enables to control its policy and operations by outvoting all shareholders, if necessary.⁶

Corporate Management: Leading, administrating and directing a corporation.

Dormant/Inactive company: A registered company that doesn't trade and has no significant accounting transactions, in accordance with the national Corporate Registry definitions.

Entity: Any type of business structure, including limited liability company, general partnership or sole trader.⁷

Full Time Equivalent (FTE): One full time equivalent corresponds to one person working at 100%. For example, two persons each of them working at 50% correspond to 1.0 FTE.

Foreign Company: A company which is operating in a specific jurisdiction ('Jurisdiction A') while incorporated under the laws of a different jurisdiction ('jurisdiction B'), and regardless of whether it has a registered branch in Jurisdiction A or not.

Legal owner: The natural or legal person who is registered as possessor of the entity. In cases where the legal owner is a legal person or a natural person acting as a nominee, the legal owner is different from the beneficial owner.

Limited Company: A company whose capital is limited by shares or by guarantee, and where shareholders or guarantors enjoy limited liability, for example, Joint stock companies (SAs), Limited liability companies (e.g. LLCs, SRLs), Partnership limited by shares (e.g. SCAs, SAPAs), etc.

Operating Budget: The planned expenditures required to maintain the functioning of a business, a public organization or a governmental institution.

Partnership with limited liability: A partnership is an arrangement where two or more people agree to work together and share the resulting profits or losses⁸. A partnership with limited liability refers to the situation where one, several (limited partnership, LP) or all (limited liability partnership, LLP) partners are not personally liable for the debts incurred by the partnerships or where other legal entities are allowed as partners⁹.

TIN: Taxpayer Identification Number, a unique identifier usually attributed to natural and legal persons by tax authorities.

⁶ <https://stats.oecd.org/glossary/detail.asp?ID=445>

⁷ <http://www.ecrforum.org/wp-content/uploads/2017/02/Guide-to-Survey-in-English.pdf>

⁸ <https://www.financialsecrecyindex.com/Archive2009/Notes%20and%20Reports/Glossary.pdf>

⁹ <https://www.financialsecrecyindex.com/PDF/5-Limited-Partnership-Transparency.pdf>

Trust: A trust is formed whenever a person (the settlor) gives legal ownership of an asset (the trust property) to another person (the trustee) on condition that they apply the income and gains arising from that asset for the benefit of one or other people (the beneficiaries). Trusts can be established verbally but typically take written form¹⁰.

Trustee: The person who holds the legal title to assets held in a trust and administer it¹¹.

¹⁰ <https://www.financialsecrecyindex.com/Archive2009/Notes%20and%20Reports/Glossary.pdf>

¹¹ <https://www.financialsecrecyindex.com/Archive2009/Notes%20and%20Reports/Glossary.pdf>