



FACTCOALITION

Financial Accountability & Corporate Transparency

November 20, 2020

The Honorable Dalia Grybauskaitė
Co-Chair
High Level Panel on International Financial
Accountability, Transparency and Integrity for
Achieving the 2030 Agenda
United Nations
New York, NY 10017

The Honorable Ibrahim Assane Mayaki
Co-Chair
High Level Panel on International Financial
Accountability, Transparency and Integrity for
Achieving the 2030 Agenda
United Nations
New York, NY 10017

RE: Policy Recommendations for FACTI Panel Final Report

Dear Co-Chair Grybauskaitė and Co-Chair Mayaki,

On behalf of the Financial Accountability and Corporate Transparency (FACT) Coalition, we commend the United Nations High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel) on the publication of its interim findings. We write in follow up to our May 2020 submission¹ to offer policies the FACTI Panel may consider including in its final recommendations to counter global financial abuse.

The FACT Coalition is a non-partisan alliance of more than 100 state, national, and international organizations in the United States working toward a fair tax system that addresses the challenges of a global economy and promoting policies to combat the harmful impacts of corrupt financial practices.²

The findings presented in the FACTI Panel interim report underscore the need for world leaders to enact reforms that block the illegal and legal (but ethically suspect) practices fueling financial crime, corruption, tax evasion, and tax avoidance. The financial secrecy and tax dodging perpetuated by the status quo will only further bankrupt public coffers, deepen global poverty, and undermine international security and global norms — especially in the context of the COVID-19 pandemic.

To promote financial accountability, anti-corruption measures, and tax cooperation, we encourage the FACTI Panel to consider the recommendations below, narrowing the gaps and vulnerabilities in the current international framework.

¹ “Comments to the UN FACTI High Level Panel for Achieving the 2030 Agenda,” FACT Coalition, May 24, 2020, <https://thefactcoalition.org/comments-to-un-facti-high-panel-for-achieving-the-2030-agenda>.

² For a full list of our members, see here: <https://thefactcoalition.org/about-us/coalition-members-and-supporters>.

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Policy Recommendations

Policymakers should enact the following viable structural reforms to increase financial transparency and accountability and ensure progress toward several Sustainable Development Goals:

1. *Public Country-by-Country Reporting* — Require that all multinational corporations publicly disclose key financial information (e.g. taxes, profits, revenues, number of employees) on a country-by-country basis in line with the standard promulgated by the Global Reporting Initiative.
2. *Global Minimum Tax* — Strengthen safeguards against offshore corporate tax avoidance, by instituting a strong, global corporate minimum tax that is no less than the current U.S. domestic corporate tax rate and is applied on a per-country basis (rather than as a global average).
3. *Beneficial Ownership Transparency* — Ensure that all legal entities disclose their beneficial ownership information at the time of formation and update it upon any changes.
4. *Automatic Exchange of Financial Information* — Harmonize the U.S. Foreign Account Tax Compliance Act (FATCA) with the Common Reporting Standard (CRS) to ensure that all countries share information automatically with lower-income countries while providing the necessary technical and financial assistance to developing countries to support them in reciprocating the sharing of information with others. In doing so, it is important to:
 1. maintain the citizenship-based aspect of FATCA for U.S. tax collection purposes, and
 2. strengthen the CRS by extending FATCA’s 30 percent withholding tax for non-compliance to the CRS.
5. *Legal Entity Identifiers* — All companies that engage in financial transactions should be required to obtain Legal Entity Identifiers (LEIs). Publicly traded companies should be required to disclose such LEIs on their publicly accessible filings with regulators.
6. *UN Tax Convention* — Establish an open-ended, intergovernmental working group at the United Nations to pursue a legal instrument that comprehensively addresses international tax abuse by multinational corporations and individuals.
7. *Open Contracting* — Countries should adopt and implement the Open Contracting Global Principles. At the same time, countries should adopt the LEI, or a similar, non-proprietary and open system, that makes the hierarchy of entity ownership transparent, as the standard identifier in the federal procurement process.
8. *Trade Transparency* — Establish a global network of trade transparency units to detect and deter fraud, corruption, money laundering, and tax evasion through the mis-invoicing of price, value, quantity, origin, or quality of goods.
9. *Gatekeeper Anti-Money Laundering Requirements* — Expand anti-money laundering and anti-corruption due diligence obligations to all gatekeepers to the financial system.

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Thank you very much for considering the Coalition's input on this topic. Should you have any questions, please feel free to contact Erica Hanichak at ehanichak@thefactcoalition.org.

Sincerely,

Ian Gary
Executive Director

Clark Gascoigne
Senior Policy Advisor

Erica Hanichak
Government Affairs Director

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