

GLOBAL FORUM ON  
**TRANSPARENCY AND EXCHANGE OF  
INFORMATION FOR TAX PURPOSES**



Peer Review Report on the Exchange of Information  
on Request

# **LIBERIA**

2020 (Second Round)



# **Global Forum on Transparency and Exchange of Information for Tax Purposes: Liberia 2020 (Second Round)**

PEER REVIEW REPORT ON THE EXCHANGE  
OF INFORMATION ON REQUEST

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## *Table of contents*

|  |     |
|--|-----|
| <b>Reader’s guide</b> .....  | 5   |
| <b>Abbreviations and acronyms</b> .....                                    | 9   |
| <b>Executive summary</b> .....   | 11  |
| <b>Overview of Liberia</b> .....   | 23  |
| <b>Part A: Availability of information</b> .....                           | 33  |
| A.1. Legal and beneficial ownership and identity information .....         | 33  |
| A.2. Accounting records .....  | 66  |
| A.3. Banking information .....   | 73  |
| <b>Part B: Access to information</b> .....                                 | 81  |
| B.1. Competent authority’s ability to obtain and provide information ..... | 81  |
| B.2. Notification requirements, rights and safeguards .....                | 89  |
| <b>Part C: Exchanging information</b> .....                                | 91  |
| C.1. Exchange of information mechanisms .....                              | 91  |
| C.2. Exchange of information mechanisms with all relevant partners .....   | 95  |
| C.3. Confidentiality .....   | 95  |
| C.4. Rights and safeguards of taxpayers and third parties .....            | 99  |
| C.5. Requesting and providing information in an effective manner .....     | 99  |
| <b>Annex 1: List of in-text recommendations</b> .....                      | 105 |
| <b>Annex 2: List of Liberia’s EOI mechanisms</b> .....                     | 107 |
| <b>Annex 3: Methodology for the review</b> .....                           | 110 |
| <b>Annex 4: Liberia’s response to the review report</b> .....              | 113 |



## Reader's guide

**The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum)** is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

### **Sources of the Exchange of Information on Request standards and Methodology for the peer reviews**

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

## **Consideration of the Financial Action Task Force Evaluations and Ratings**

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.



The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

## **More information**

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to [www.oecd.org/tax/transparency](http://www.oecd.org/tax/transparency) and <http://dx.doi.org/10.1787/2219469x>.



## Abbreviations and acronyms

|                                      |   |
|--------------------------------------|---|
| <b>2010 Terms of Reference</b>       | Terms of Reference related to EOIR, as approved by the Global Forum in 2010.                                    |
| <b>2016 Assessment Criteria Note</b> | Assessment Criteria Note, as approved by the Global Forum on 29-30 October 2015                                 |
| <b>2016 Methodology</b>              | 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum on 29-30 October 2015 |
| <b>2016 Terms of Reference</b>       | Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015                       |
| <b>AML/CFT</b>                       | Anti-Money Laundering/Countering the Financing of Terrorism   |
| <b>BCA</b>                           | Business Corporation Act  |
| <b>CA</b>                            | Competent Authority   |
| <b>CBL</b>                           | Central Bank of Liberia   |
| <b>CDD</b>                           | Customer Due Diligence  |
| <b>DNFBP</b>                         | Designated Non-financial Businesses and Professions   |
| <b>DTC</b>                           | Double Tax Convention   |
| <b>EOIR</b>                          | Exchange Of Information on Request  |
| <b>FIU</b>                           | Financial Intelligence Unit   |
| <b>FME</b>                           | Foreign Maritime Entity   |
| <b>GIABA</b>                         | Inter-Governmental Action Group against Money Laundering in West Africa   |
| <b>Global Forum</b>                  | Global Forum on Transparency and Exchange of Information for Tax Purposes                                       |
| <b>IMF</b>                           | International Monetary Fund   |

|                                |  |
|--------------------------------|--|
| <b>LBR</b>                     | Liberian Business Registry   |
| <b>LISCR</b>                   | Liberian International Shipping and Corporate Registry   |
| <b>LRA</b>                     | Liberian Revenue Authority   |
| <b>Multilateral Convention</b> | Multilateral Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010 |
| <b>NPC</b>                     | Not for Profit Corporation   |
| <b>TCSP</b>                    | Trust or Company Service Provider  |
| <b>TIEA</b>                    | Tax Information Exchange Agreement   |

## Executive summary

1. This report analyses the implementation of the international standard of transparency and exchange of information on request (EOIR) in Liberia under the second round of reviews conducted by the Global Forum against the 2016 Terms of Reference (ToR). It assesses both the legal and regulatory framework as on 23 December 2019 and the practical implementation of this framework, in particular in respect of EOI requests received and sent during the review period from 1 April 2015 to 31 March 2018. This report concludes that Liberia is overall **Partially Compliant** with the international standard.

2. Previously, the Global Forum had evaluated Liberia’s legal and regulatory framework in 2012 and 2016 (refer Annex 3). This is the first review of the effectiveness of Liberia’s EOIR framework in practice under the enhanced 2016 standard.

### Comparison of determinations/ratings for First Round Report and Second Round Report

| Element  | First Round<br>Report (2016) | Second Round<br>EOIR Report (2020) |        |
|--|------------------------------|------------------------------------|--------|
|  |                              | Determination                      | Rating |
| A.1 Availability of ownership and identity information | Not in place                 | Needs improvement                  | PC     |
| A.2 Availability of accounting information             | In place                     | Needs improvement                  | PC     |
| A.3 Availability of banking information                | In place                     | Needs improvement                  | LC     |
| B.1 Access to information                              | In place                     | in place                           | LC     |
| B.2 Rights and Safeguards                              | In place                     | in place                           | C      |
| C.1 EOIR Mechanisms                                    | In place                     | Needs improvement                  | LC     |
| C.2 Network of EOIR Mechanisms                         | In place                     | in place                           | C      |
| C.3 Confidentiality                                    | In place                     | in place                           | PC     |
| C.4 Rights and safeguards                              | In place                     | in place                           | C      |
| C.5 Quality and timeliness of responses                | Not applicable               | not applicable                     | LC     |
| <b>OVERALL RATING</b>                                  | Not applicable               | not applicable                     | PC     |

C = Compliant; LC = Largely Compliant; PC = Partially Compliant; NC = Non-Compliant

## Progress made since previous review

3. The 2016 Supplementary Report had identified serious deficiencies on the availability of ownership information and had recommended that Liberia put in place robust mechanisms to identify the owners of bearer shares in relation to corporations. In addition, it was recommended that all nominees maintain the relevant ownership information where they act as the legal owners on behalf of any other person. It was also recommended that all trusts (including those that have no tax liability in Liberia) maintain all accounting records as required by the standard for at least five years.

4. Liberia has made efforts to introduce the necessary legislative changes. Through amendments to the Associations Law in 2016, obligations have been imposed on all relevant legal entities to maintain legal ownership information.

5. Most importantly, Liberia has amended the framework on bearer shares. While new companies incorporated after 31 May 2018 are not permitted to issue bearer shares, existing companies can retain the right to issue new ones. However, a custodial arrangement has been put in place to immobilise bearer shares and obligations have been placed on companies to ensure that new issuances of bearer shares are placed with approved custodians. Through an Administrative Regulation issued in September 2019, it has been mandated that all existing bearer shares that have not been registered or custodialised till date (now considered “disabled”), must be converted to registered shares latest by 31 December 2020 or all associated shareholders’ rights for such bearer shares will be foregone. The Administrative Regulation of September 2019 also addressed the recommendation in respect of nominee shareholders.

6. The legal obligations on availability of accounting information have also been reinforced. By way of an amendment to the Business Corporation Act (BCA) in 2018, the same requirements of maintaining accounting records as applicable to domestic and foreign corporations have been introduced for all domestic and foreign trusts.

7. Under the same amendment to the BCA, Liberia has introduced the requirement on resident domestic and non-resident domestic corporations to keep up-to-date beneficial ownership information to adapt to the EOIR standard as strengthened in 2016. By way of a recent Administrative Regulation issued in July 2019, the same requirement has been extended to all other legal persons and arrangements.

8. Hence, Liberia has made steady progress in addressing the legal gaps identified in 2016, besides working on the enhanced requirements under the EOIR standard.

## Key recommendation(s)

9. While Liberia has shown the commitment to adopt and implement the EOIR standard, a number of legal changes have been introduced fairly recently and will require close supervision and monitoring. Moreover, there are some practical issues that can affect the overall EOIR in practice and Liberia needs to address these issues suitably.

10. Liberia has prohibited issuance of bearer shares for new corporations, but existing corporations are permitted to retain the right to issue bearer shares, provided that the issued bearer shares are duly kept by approved custodians, i.e. the owners of the bearer shares can always be identified. Further, all “disabled” bearer shares are now required to be registered by 31 December 2020. Being recent amendments, these changes in the law will require close supervision and monitoring and Liberia has been recommended to do so.

11. Further, in relation to offshore entities (called non-resident domestic entities in Liberia), the Registrar through its agent, Liberian International Ship and Corporate Registry (LISCR) LLC needs to ensure adequate monitoring and enforcement of the legal requirements on non-resident domestic entities to maintain up-to-date legal and beneficial ownership information. Further, the AML obligations placed through the Administrative Regulation of September 2019 on LISCR Trust Company, which is the sole registered agent for all the non-resident domestic entities, in respect of maintaining ownership information on all the entities for which it acts as the agent, must be effectively monitored and supervised. Liberia’s limited EOIR experience so far has involved answering requests pertaining solely to the non-resident domestic entities. Hence, Liberia must ensure the availability of information in respect of such non-resident domestic entities through effective enforcement and supervisory measures.

12. Since the legal requirements in respect of nominee-shareholding have been introduced recently (refer paragraph 5), these requirements would need to be suitably monitored and enforced.

13. The definition of beneficial owner adopted by Liberia, while being, *prima facie*, in line with the standard, does not provide adequate guidance on how to determine beneficial ownership through control (including “control through other means”). The three-step approach for identifying the beneficial owner of legal entities is also not provided in any guidance. Liberia needs to provide such guidance so that beneficial owners are correctly and consistently identified by legal entities and arrangements. Moreover, for trusts, the definition of beneficial owner must ensure the identification of the settlor, trustee(s), protector (if any), all of the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust.

14. The Central Bank of Liberia (CBL) needs to guide and more closely supervise the banks to ensure that all banks systematically and regularly

update the legal and beneficial ownership information on all account holders that they obtain at the time of opening these accounts or starting new relationships with their customers.

15. Similarly, adequate supervision and enforcement of the legal requirements to maintain accounting information with underlying documents for non-resident domestic entities and arrangements needs to be ensured by Liberia. The obligations to maintain and retain accounting records in respect of entities that cease to exist must also be ensured.

16. In relation to the effective exchange of information and the jurisdictions' network of information exchange mechanisms, Liberia signed the Multilateral Convention in June 2018. The instrument has been submitted to the Liberian Legislature and is awaiting legislative ratification.

17. Finally, Liberian authorities have been recommended to ensure that the procedures they follow while processing EOI requests received from partner jurisdictions do not compromise the requirements of confidentiality as envisaged in the standard. Liberia has assured that the Competent Authority has taken steps to ensure that its officers will not share the EOI request with any non-tax authority or third party like LISCR LLC, which manages the offshore sector. Liberia has confirmed that the EOI manual has been updated to reflect the changes and the EOI staff has now been sensitised to confidentiality issues.

## **Exchange of information experience**

18. From 1 April 2015 to 31 March 2018, Liberia's treaty partners sent six EOI requests to Liberia while Liberia sent three EOI requests to its treaty partners. This is a fairly limited experience of EOIR in practice. The requests that Liberia received during the review period pertained only to its non-resident domestic corporations. The non-resident domestic entities are the primary source of concern in relation to availability and access to information in Liberia's case. While Liberia was able to respond (in some cases partially) to the requests and organisation of the EOI unit and laid-down procedures were broadly in order, given its limited EOI experience and observed lapse on confidentiality (refer to discussion under element C.3), Liberia should continue to streamline its processes and ensure that the EOI staff have full understanding of the standard.

## **Overall rating**

19. Overall, Liberia has made substantial efforts to comply with the EOIR Standard at a time of rebuilding its economy after the civil war and Ebola virus outbreak. There is still room for improvement, especially in relation to its offshore sector, and Liberia is encouraged to continue with its efforts.



20. Elements A.1, A.2, and C.3 are rated Partially Compliant, elements A.3, B.1, C.1, and C.5 are rated Largely Compliant and elements B.2, C.2 and C.4 are rated Compliant. Overall, Liberia is rated Partially Compliant with the EOIR Standard.

21. This report was approved at the Peer Review Group of the Global Forum on 27 February 2020 and was adopted by the Global Forum on 27 March 2020. A follow-up report on the steps undertaken by Liberia to address the recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2021 and thereafter in accordance with the procedure set out under the 2016 Methodology.

### Summary of determinations, ratings and recommendations

| Determinations and Ratings   | Factors underlying Recommendations   | Recommendations   |
|--|--|---|
| Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities ( <i>ToR A.1</i> ) |  |   |
| <p><b>The legal and regulatory framework is in place but certain aspects need improvement</b></p>  | <p>The definition of beneficial owners, introduced in the Associations Law for corporations and extended to all other legal entities and arrangements by way of Administrative Regulation, is in line with the standard. However, there is no guidance on how to determine beneficial owners in situations where control is exercised through means other than direct control, or on the three-step process to identify beneficial owners for legal entities. Further, there is no guidance in the case of trusts or similar legal arrangements or legal entities functionally similar to trusts, that settlor, trustee(s), protector (if any) and all the beneficiaries and any other natural person exercising ultimate effective control over the trust should be identified.</p> | <p>Liberia should issue adequate guidance on how to identify beneficial owners of legal entities and arrangements so that accurate and up-to-date information on beneficial owners is always available.</p> |

| Determinations and Ratings | Factors underlying Recommendations  | Recommendations   |
|----------------------------|---|---|
| Partially Compliant        | <p>Liberia has recently introduced the requirement to have beneficial ownership information for all domestic corporations. Further, through a recent Administrative Regulation, the same requirements have been extended to all other relevant legal entities and arrangements. It is not clear if the new requirements are being effectively supervised in practice. Liberia has only very recently started seeking attestations from non-resident domestic entities that they are complying with the legal obligations.</p> | <p>Liberia must ensure that the new requirements of having beneficial ownership information on all domestic corporations and legal entities and arrangements are effectively supervised by the authorities concerned. The new monitoring mechanism of seeking attestations from non-resident domestic entities needs to be monitored for its effectiveness, strengthened and complemented by other stronger supervisory measures.</p> |
|                            | <p>While the law provides for sanctions for non-maintenance of legal and beneficial ownership information against non-resident domestic entities, in practice, it may not be possible to enforce the sanctions on the non-resident domestic entities and such entities may not comply even with the imposed penalties.</p>  | <p>Liberia should ensure that the enforcement and supervision of non-resident domestic entities is strengthened and that the supervisory authorities' enforcement powers in relation to non-resident domestic entities are practicable and can create the required deterrent effect against non-compliance with the requirements of keeping legal and beneficial ownership information.</p>   |
|                            | <p>Through Administrative Regulation No. 47 of Vol. XIX, in September 2019 Liberia has imposed the requirements on the registered agent to annually obtain and maintain all ownership information on all the non-resident domestic entities for which it acts as the registered agent. These requirements are to be supervised by the FIU. These new requirements are very recent.</p>  | <p>Liberia must ensure that the registered agent complies with the new requirements under the Administrative Regulation and the FIU suitably guides and supervises the registered agent and takes all necessary enforcement measures under the AML law to ensure that up-to-date and accurate beneficial ownership information is available with the registered agent.</p>  |

| Determinations and Ratings                       | Factors underlying Recommendations  | Recommendations  |
|--|---|--|
| <b>Partially Compliant</b><br><i>(continued)</i> | <p>Ownership information may not always be available in respect of entities that cease to exist, especially in the case of non-resident domestic entities and arrangements.</p>   | <p>Liberia should ensure through effective supervision that for entities that cease to exist, ownership information is available in all cases for five years.</p>  |
|  | <p>Liberia has amended its law to prevent new corporations from issuing bearer shares and for corporations that have the right to issue bearer shares to either immobilise them with a custodian or convert them to registered shares or amend their articles of incorporation to allow issuance of only registered shares. Further, Liberia has only recently introduced the last date for conversion of all existing bearer shares to registered shares by way of an Administrative Regulation. For custodialisation of bearer shares issued or to be issued by pre-May 2018 incorporated non-resident domestic companies that have retained the option to issue bearer shares, Liberia has very recently engaged foreign custodians.</p> | <p>Liberia should ensure that all recent changes in respect of bearer shares are suitably monitored such that corporations that have the ability to issue bearer shares immobilise the issued bearer shares with recognised custodians or convert them into registered shares; or amend their articles of incorporation and convert already issued bearer shares to registered shares by 31 December 2020. Where foreign custodians hold bearer shares of non-resident domestic corporations, Liberia must ensure that the ownership information in respect of bearer shares immobilised with them is readily available to the Liberian Competent Authority.</p> |
|  | <p>Liberia has very recently introduced provisions through an Administrative Regulation to require that nominee shareholders be identified and have information on all persons on whose behalf they are acting as legal owners.</p>   | <p>Liberia should ensure that these requirements in respect of nominee shareholders are effectively supervised and enforced.</p>   |

| Determinations and Ratings  | Factors underlying Recommendations  | Recommendations   |
|---|---|---|
| Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements ( <i>ToR A.2</i> ) |   |   |
| <p><b>The legal and regulatory framework is in place but certain aspects need improvement</b></p>                                   | <p>There are no obligations under Liberian law that non-resident domestic entities and arrangements must keep their accounting records in Liberia, or have at least one person in Liberia who is in possession of, or has control of, or has the ability to obtain, such information. The registered agent of the non-resident domestic entities does not have control over the accounting records or the legal ability to obtain such information from the non-resident domestic entities for which it acts as an agent.</p>   | <p>Liberia must ensure that accounting information for non-resident domestic entities is available in line with the standard.</p>   |
| <p><b>Partially Compliant</b></p>   | <p>While all relevant legal entities and arrangements are required to maintain accounting records, there is inadequate supervision and monitoring in relation to compliance with these obligations, particularly for non-resident domestic entities, especially when they are inactive or have ceased to exist. Liberia has very recently started seeking self-attestations from non-resident domestic entities that they are complying with the legal requirements of keeping accounting information. While this is a welcome first step, this supervisory arrangement needs to be suitably expanded and strengthened.</p> | <p>Liberia must ensure that there is adequate supervision and monitoring of the requirements to maintain reliable accounting records with underlying documentation by all relevant entities and arrangements for a minimum of five years.</p> |

| Determinations and Ratings  | Factors underlying Recommendations   | Recommendations  |
|---|--|--|
| Banking information and beneficial ownership information should be available for all account-holders ( <i>ToR A.3</i> ) |  |  |
| <p><b>The legal and regulatory framework is in place but certain aspects need improvement</b></p>                       | <p>While the definition of beneficial owner in AML/CFT Regulations for financial institutions is in line with the standard and bank compliance officers appeared to understand the concept, there is no specific guidance on how to identify beneficial owner of legal entities under the three step approach, or how to identify the natural person exercising control (including control through other means) in the case of legal entities. Further, although the impact may be limited in practice, there is no guidance in respect of trusts or similar legal arrangements, to identify the settlor, trustee(s), protector (if any), beneficiaries and any other natural person exercising ultimate effective control over the trust.</p> | <p>Liberia should ensure that suitable guidance on identifying beneficial owners of legal entities and arrangements is provided to all banks so that beneficial owners are correctly identified.</p> |
|   | <p>Although banks have their own internal policies for customer due diligence and do collect ownership and identity information, there is no guidance on how frequently banks should update legal and beneficial ownership information on account holders and banks update such information on an inconsistent basis.</p>  | <p>Liberia should ensure that banks keep up-to-date legal and beneficial ownership information on all accounts.</p>  |
| <p><b>Largely Compliant</b></p>   |  | <p>.</p>   |

| Determinations and Ratings  | Factors underlying Recommendations  | Recommendations  |
|---|---|--|
| Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) ( <i>ToR B.1</i> ) |   |  |
| <b>The legal and regulatory framework is in place</b>   |   |  |
| <b>Largely Compliant</b>  | In relation to the non-resident domestic entities, while there are applicable sanctions for non-compliance with the provision of information, such sanctions are unlikely to be effective since the non-resident domestic entities are not required to have a Liberia resident director or partner or any other liable information holder. The sanction of dissolving/annulling the entity may not be effective as information may not still be obtainable. | Liberia should take measures to ensure that in relation to non-resident domestic entities, the enforcement provisions available are practicable to ensure access to information. |
| The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information ( <i>ToR B.2</i> )   |   |  |
| <b>The legal and regulatory framework is in place</b>   |   |  |
| <b>Compliant</b>  |   |  |
| Exchange of information mechanisms should provide for effective exchange of information ( <i>ToR C.1</i> )  |   |  |
| <b>The legal and regulatory framework is in place but certain aspects need improvement</b>  | Although Liberia has signed the Multilateral Convention on Mutual Administrative Assistance in June 2018, the same has not yet been ratified and put into force.  | Liberia must bring the Multilateral Convention into force expeditiously.   |
| <b>Largely Compliant</b>  |   |  |

| Determinations and Ratings   | Factors underlying Recommendations  | Recommendations  |
|--|---|--|
| The jurisdictions' network of information exchange mechanisms should cover all relevant partners ( <i>ToR C.2</i> )  |   |  |
| <b>The legal and regulatory framework is in place</b>  |   |  |
| <b>Compliant</b>   |   |  |
| The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received ( <i>ToR C.3</i> ) |   |  |
| <b>The legal and regulatory framework is in place</b>  |   |  |
| <b>Partially Compliant</b>   | It has happened on a number of occasions in the past that Liberian Competent Authority shared the full request with a non-tax Government Authority for obtaining information. Liberian Authorities have taken note of this and have confirmed that the EOI manual has been updated to address this issue and necessary measures are being taken to ensure this does not happen in future. | Liberian Authorities should ensure that the revised EOI manual emphasising that the requests are not to be shared in full with non-tax authorities is fully implemented to ensure compliance with effective exchange of information in practice. |
| The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties ( <i>ToR C.4</i> )                                  |   |  |
| <b>The legal and regulatory framework is in place</b>  |   |  |
| <b>Compliant</b>   |   |  |
| The jurisdiction should request and provide information under its network of agreements in an effective manner ( <i>ToR C.5</i> )                                  |   |  |
| <b>Legal and regulatory framework</b>  | This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.  |  |

| <b>Determinations and Ratings</b> | <b>Factors underlying Recommendations</b>   | <b>Recommendations</b>   |
|-----------------------------------|---|--|
| <b>Largely Compliant</b>          | Liberia has put in place a dedicated centralised EOI unit and has published an EOI manual. However, Liberia's experience with EOIR is still very limited. There were instances of non-receipt of four requests which had to be resent by the treaty partner. There were certain errors in handling the requests (as reflected in C.3) indicating the need to ensure that the EOI staff is fully conversant with the requirements of the standard. | Liberia must continue to streamline its internal processes, ensure that all staff involved have a clear understanding of the confidentiality requirements and the EOIR standard, and continue to work in close co-ordination with its treaty partners. |



## Overview of Liberia

22. This overview provides some basic information about Liberia that serves as context for understanding the analysis in the main body of the report. In particular, the discussion on Liberia’s Associations Law and Register will serve as a useful background for understanding the more detailed discussions in subsequent sections of the report.

23. Liberia is a country located in West Africa. It has a population of about 4.7 million. With a gross national income of about USD 2.93 billion,<sup>1</sup> the annual per capita income is about USD 620. Liberian economy is reliant on iron mining, natural rubber, timber and diamond mining. Agriculture and fisheries are important contributors to GDP. Liberia’s Maritime and Corporate Registry Programmes contribute about USD 10.5 million to the Government Revenue and represent about 0.3% of GDP. Liberia’s official currency is the Liberian Dollar. However, the US Dollar is commonly accepted and used in parallel with the Liberian Dollar.

24. Having faced a prolonged civil war from the late 1980s till 2003 and a deadly Ebola virus outbreak in the recent past (2014-15), Liberia is gradually rebuilding its economy with the aid and support of international organisations. Despite its challenging internal economic environment, Liberia has remained committed to the global agenda on transparency, exchange of information, fighting money laundering and terrorist financing and has made sustained efforts in this regard.

### Legal system

25. Liberia is a unitary state having a single set of national laws. The Liberian Constitution is the highest law of the land. Next in line are the Acts passed by the Liberian legislature as well as treaties and conventions ratified by Liberia’s legislature. In case of any conflict between the domestic

1. As of 2017, World Bank Data on Liberia. [https://databank.worldbank.org/data/views/reports/reportwidget.aspx?Report\\_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=LBR](https://databank.worldbank.org/data/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=LBR) accessed on 23 April 2019.

legislation and international treaties, the treaty provisions prevail to the extent of the inconsistency. Cases decided by the Supreme Court have the force of law in Liberia. Presidential Executive Orders also carry the force of law, are effective for a year, and may be renewed by the President. Finally, there are the administrative regulations issued by various agencies of the Government, which have been authorised to issue such regulations by Acts passed by the legislature. Liberia is a common law country governed by statutes, case law and the common law. Where there exist no statutes to govern particular situations or conduct or sectorial pursuits, and no controlling case law (i.e. decisions of the nation's Supreme Court), the country, under authority of the General Construction Law, takes recourse to the common law of England and the United States for guidance.

26. Liberia has a bicameral legislature. It has a unitary presidential form of government. Liberia has a three-tier judiciary. The Supreme Court is the highest court of Liberia and the final arbiter of all disputes. Circuit, provisional and specialised courts are the next level of judiciary. These courts have both original jurisdiction over certain matters and appellate jurisdiction over other matters decided by the lower courts. Tax matters are first decided administratively by the Liberia Revenue Authority (LRA). An appeal against the decision by the LRA is considered by the Board of Tax Appeals (BOTA). A decision of the Board of Tax Appeal can be challenged before the Tax Court. Tax matters are not handled at magisterial level. An appeal against a decision of the Tax Court can be preferred before the Supreme Court, whose decision is final and binding.

## **Tax system**

27. Liberia has a single national taxation system governed by the Revenue Code of Liberia, Act of 2000, as amended in 2011 through 2016. The Liberia Revenue Authority (LRA) is a semi-independent agency vested with the authority to administer the tax component of the Revenue Code.

28. Liberia's taxation system is primarily based on income tax (i.e. income generated by natural or legal persons). Customs duties and charges from real estate are also important sources of revenue. Resident persons are liable to tax on a worldwide basis, and non-resident persons are subject to tax on Liberia-source income. A legal person is resident in Liberia for tax purposes if it is incorporated in Liberia and either has its management and control in Liberia or undertakes a majority of its operations there. A corporation, limited liability company, foundation, trust, limited partnership, or similar arrangement are deemed as being resident in Liberia for tax purposes if they undertake some business activity in Liberia and have a majority (by vote or value) of direct or indirect shareholders, members, beneficiaries or unit holders who are resident in Liberia (Revenue Code, s. 801(a)).

29. As an exception, Foreign Maritime Entities (FMEs)<sup>2</sup> are not resident for tax purposes in Liberia and income of a non-resident company earned from shipping or air transport is tax exempt.

30. Non-resident companies are liable to withholding taxes on all Liberian-source income (i.e. payments made to them by residents) and are taxable on a territorial basis.<sup>3</sup>

## Financial services sector

31. Liberia's financial services sector is very small and comprises 9 banks and 61 non-banking financial institutions (31 insurance companies, 18 micro-finance institutions and 12 rural institutions). Out of the nine commercial banks, seven are from West African countries (e.g. Nigeria, Ghana, Togo). One bank is a Liberian bank owned partly by the Liberian government, partly by private Liberians and partly through European investors. One bank is owned by American and Liberian investors. No prominent international bank is present in Liberia. Liberia does not have an offshore financial sector. Total assets held by banks in Liberia are about 5% of GDP.

32. The New Financial Institutions Act (1999), the Insurance Act (2013) and the Central Bank of Liberia Act (1999) govern and regulate the activities of persons and institutions engaged in banking and financial undertakings. The Central Bank of Liberia (CBL) is responsible for the overall supervision and regulation of all financial institutions in Liberia. It issues the necessary regulations and guidelines for them on all matters and carries out inspection and supervision of all financial institutions.

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2. A legal person is not resident if it conducts solely the activities of securing or maintaining registry of a ship in Liberia (not including registration services); owning a Liberia flag vessel; or conducting activities in Liberia solely related to the operation, chartering or disposition of a ship other than for transportation exclusively within Liberia (Revenue Code, s. 801(b)).
  3. Resident payers must withhold taxes due on payments to non-residents. The taxable income of a non-resident company with a permanent establishment in Liberia is computed in the same manner as that of a resident company: a corporate tax rate of 25% (or 30% for renewable and non-renewable natural resource sector) applies and deductions and exemptions apply as well.

## Liberian associations law and register

33. Liberia’s Associations Law is the primary law governing the formation of legal entities and arrangements in Liberia.<sup>4</sup> Besides providing for the formation of usual resident domestic legal entities and arrangements, it allows for offshore legal entities and arrangements (or non-resident domestic entities). These offshore legal entities are of particular significance as all the EOI requests sent by treaty partners during the review period pertained to these entities.

34. Part I of the Associations Law deals with Business Corporations and Limited Liability Companies and is referred to as the Business Corporation Act (BCA). Chapter 13 of the BCA deals with the registration of Foreign Maritime Entities, which are foreign corporations registered in Liberia for owning and operating Liberia registered ships/vessels that can fly the Liberian Flag.

35. Under the Associations Law, the Minister of Foreign Affairs is the Registrar (hereinafter referred to as the “Registrar”) responsible for the receipt and filing of all instruments, and issuance of all certificates pertaining to all the types of corporations, LLCs, partnerships, trusts and foundations. The Registrar also maintains all records, registers and indices required under the Associations Law. In practice, the Minister of Foreign Affairs appoints two Deputy Registrars to assist in the performance of these functions – one for non-resident domestic entities and one for resident entities.

36. While the Associations Law governs the incorporation and registration of different types of legal entities and arrangements, the General Business Law (known as the Business Registration Act) governs the licensing of businesses. In order to do business in Liberia, all persons must obtain a business licence from the Liberia Business Registrar (LBR, the Assistant Minister of Commerce and Industry). The licence has to be renewed annually on payment of an annual fee. The LBR is the licensing authority in this regard and the Registrar General, who heads the LBR, is responsible for issuance and renewal of business licences.

37. Under a Memorandum of Understanding between the Ministry of Foreign Affairs, the Ministry of Commerce and Industry, the Ministry of Finance, and the National Social Security and Welfare Corporation, the LBR has been created as a one-stop-shop for carrying out the functions of the Registrar under the Associations Law, and Business Registrar under the Business Registration Act with effect from 30 April 2011. The LBR houses a Liberia Revenue Authority (LRA) window to provide the Tax Identification Number (TIN) to newly

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4. Part I of the Associations Law deals with Business Corporations and Limited Liability Companies, Part II deals with Not-for-profit Corporations, Part III deals with Partnerships, Part V deals with Registration of Trusts and Part VI deals with Private Foundations.

incorporated businesses in Liberia. This arrangement functions essentially for all resident domestic legal persons in Liberia who want to and are authorised to do business in Liberia. Any foreign corporation seeking to do business in Liberia must also get an annually renewable business licence from the LBR.

38. Chapter 3 of the Associations Law deals with “Service of Process” and mandates that every domestic corporation, or a foreign corporation authorised to do business in Liberia, or a foreign maritime entity, must have a registered agent in Liberia. The registered agent is meant to serve as the point of contact for the Liberian authorities in case any notice, demand or process permitted by law that needs to be served against such corporation. A registered agent for a corporation having the place of business in Liberia has to be a resident corporation or a natural person, resident of and having a business address in Liberia.

### **Liberia’s non-resident domestic entities**

39. Besides the resident domestic entities that are incorporated in Liberia and also do business in Liberia, the Associations Law provides for the creation of non-resident domestic entities like corporations, LLCs, not-for-profit corporations, partnerships, limited partnerships and private foundations. Non-resident domestic entities are not authorised to conduct any business in Liberia and do not have a place of business in Liberia. Essentially, they are offshore entities. Their registered agent should either be a Liberian domestic bank, or a Liberian trust company with a paid up capital of not less than USD 50 000. Further, such a registered agent must be licensed by the Liberian Government and must be authorised specifically by way of a written contract to act as a Registered Agent by the Liberian Government. As of August 2019, there were 14 370 non-resident domestic corporations, 1 851 Foreign Maritime Entities (FMEs), 39 non-resident Limited Liability Companies (LLCs), 124 non-resident limited partnerships, 5 non-resident not-for-profit corporations, 1 non-resident partnership, and 4 non-resident private foundations registered with the Registrar.

40. The Liberian International Ship and Corporate Registry (LISCR) LLC, USA, a single purpose limited liability company incorporated under the laws of the US State of Delaware, entered into an agency agreement with the Liberian Government in 1999, which was subsequently renewed and extended in 2009. Under the agency agreement, LISCR LLC became the administrator of the Liberian Registry pertaining to the registration of non-resident domestic entities and maritime entities.<sup>5</sup> Liberian Registry comprises the Liberian

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5. Information on non-resident entities obtained at the time of registration is maintained electronically overseas and is accessible by LISCR LLC and the designated Deputy Registrar. Ownership and control over the information is legally with

Shipping/Maritime Registry and the Liberian Corporate Registry. Liberian Maritime Registry, headed by the Commissioner of Maritime Affairs, is responsible for registration of shipping vessels and for providing related services under Liberia's Maritime Programme. The Liberian Corporate Registry is the responsibility of the Ministry of Foreign Affairs under the Associations Law. The Minister of Foreign Affairs, being the Registrar of Corporations, is in charge of registration of non-resident domestic entities. The Liberian Government appoints a Deputy Corporate Registrar (a Liberian government diplomat) who is based out of the Washington, DC office to oversee, on behalf of the Minister, the Corporate Registry functions being performed by LISCRC LLC in relation to the registration of non-resident domestic entities and is charged to ensure (among other things) compliance with provision of information held by LISCRC LLC when requested. LISCRC has offices in multiple locations across the world which support the corporate registration work done by LISCRC LLC.

41. Under the same agency agreement, LISCRC LLC also became the exclusive registered agent for non-resident domestic and foreign entities that do not maintain a place of business in Liberia and also for foreign maritime trusts and corporations. Since the Associations Law requires that the registered agent for non-resident domestic entities and foreign corporations not having a place of business in Liberia must be either a domestic bank or a trust company, LISCRC Trust Company (a wholly owned subsidiary of LISCRC LLC) was set up by an Act passed by the Liberian legislature and is domiciled in Monrovia. The LISCRC Trust Company is the wholly-owned Liberian subsidiary of LISCRC LLC, which has been authorised by LISCRC LLC to act on its behalf as the registered agent for non-resident Liberian entities. LISCRC LLC appointed and designated LISCRC Trust Company to act on its behalf as the exclusive registered agent for Liberian non-resident domestic entities. Non-resident domestic entities do not require a Liberian business address for incorporation. Only the address of the registered agent needs to be provided in the incorporation forms. Since there is only one registered agent, i.e. the LISCRC Trust Company, all non-resident domestic entities in Liberia are incorporated with the common Liberian address of the registered agent.

42. The agreement between LISCRC LLC and the Liberian Government makes LISCRC LLC responsible for the acts of its assignees, sub-agent or independent contractors to the Government. However, no clear sanctions are stipulated in law and disputes between the Government and LISCRC LLC, if they arise, are to be resolved through arbitration as per the agreement between them. Further, the Associations Law grants immunity to the registered agent from any liabilities that may arise on account of any failure on its

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the Liberian Government. Liberian Government owns the premises, the physical infrastructure and the software used for corporate registrations by LISCRC LLC.

part or on part of its employees or affiliates in the performance of its duties as a registered agent as long as such acts are carried out in good faith. The registered agent also has immunity from any liability that may arise on account of any lapses by the entities for whom it is acting as a registered agent under the Associations Law. However, as noted in paragraph 47, by way of a recent Administrative Regulation of September 2019, the registered agent, LISCR Trust Company, has been explicitly obliged to comply with the AML obligations and has been brought under the supervision of the Financial Intelligence Unit (FIU). Hence, sanctions applicable to AML-obliged persons under the AML law would be similarly applicable to the registered agent.

### Anti-money laundering framework

43. The Anti-Money Laundering and Terrorist Financing Act 2012 (AML Act) is the key legislation that establishes Liberia’s AML Framework. The FIU Act 2012 establishes the FIU and provides for its powers and functions for overseeing the administration of the AML law together with other supervisory authorities. With respect to financial institutions, the primary oversight lies with the Central Bank of Liberia and the AML Act is complemented by the AML/CFT Regulations for Financial Institutions (2017) issued by the Central Bank of Liberia.

44. Liberia is a member of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). GIABA carried out its latest evaluation of Liberia in May 2011. Recommendation 10 had been rated PC while Recommendations 24 and 25 had been rated NC. Since then, nine follow-up reports have been published, the latest in November 2018. Liberia is on the expedited regular follow-up process of GIABA. In the November 2018 report, it has been observed under Recommendation 10 that Liberia needs to ensure that reporting entities have the reportable information readily available on a timely basis for the competent authorities and Liberia is introducing necessary legislative changes in this regard. In relation to Recommendations 24 and 25, the latest report recommended that Liberia’s FIU continue to work with other authorities to raise awareness of AML/CTF issues among all reporting entities. In seeking to achieve that goal, Liberia says that it has commenced activities to adequately inform and create awareness among the reporting entities. The sector of designated non-financial business professionals (DNFBPs)<sup>6</sup> had been found to be unsupervised in the

6. DNFBPs are defined in the AML Act 2012 and FIU Act 2013 to include i) casinos; ii) real estate agents; iii) dealers in precious metals and precious stones; iv) professionals and accountants when they prepare for or engage in or carry out transactions on behalf of their clients for buying or selling real estate, managing client money, managing bank accounts or deposits, organisation of contributions

May 2011 mutual evaluation report. In respect of this, the FIU has assumed the responsibility of supervising DNFBPs that do not have a regulator. Furthermore, an Act to establish the Financial Intelligence Agency and repeal the existing FIU Act is being drafted with assistance from the IMF.

## Recent developments

45. Since the 2016 Supplementary Phase 1 report, Liberia has made much progress. First, the BCA has been amended in April 2018 to include the definition of “beneficial owner” and all domestic corporations and foreign corporations authorised to do business in Liberia are required to keep up-to-date records containing the information on beneficial owners. By way of a recent Administrative Regulation No. 28 published in July 2019, the same requirement has been extended to all other legal persons and arrangements. Regulations have the force of law in Liberia and are effective upon publication.

46. Next, through the same April 2018 amendment to the BCA, Liberia has debarred new entities from issuing bearer shares. No corporation incorporated after 31 May 2018 is permitted to issue bearer shares. For existing corporations that have issued bearer shares, a custodial arrangement has been put in place. Existing corporations that want to continue to have the option of issuing bearer shares must fulfil certain requirements of immobilisation of the shares and of keeping the Registrar informed, as and when they issue any bearer share. While existing corporations can retain their right to issue bearer shares (if such right exists in their articles of incorporation), Liberian authorities are actively encouraging corporations to amend their articles of incorporation to give up the authority to issue bearer shares. By way of a recent Administrative Regulation No. 47 dated 19 September 2019, Liberia has issued directions to holders of bearer shares that have been “disabled” due to their non-conversion to registered shares or not placing them with an approved custodian, to convert them into registered shares by 31 December 2020 or lose all associated rights with respect to these shares. Liberia has

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for creation, operation or management of legal persons, or creation, operation or management of legal persons and arrangements and buying and selling of business entities; and v) trust and company service providers engaged in the business of providing services to their clients of acting as a formation, registration or management agent of legal persons, acting or arranging for directors or officials for a legal person, providing a registered office or a business address or accommodation or administrative address for a legal person or arrangement, acting or arranging for a person to act as a trustee, and acting or arranging for nominee shareholding.



informed that similar amendments to the BCA have been placed before the legislature for amending the statute.

47. By way of a recent Administrative Regulation, issued in September 2019, the LISCR Trust Company has been explicitly required to comply with the AML obligations and is required to maintain information on directors, management and ownership of all entities for which it acts as the registered agent. LISCR Trust Company’s AML obligations will be supervised by the FIU.

48. Further, an amendment in 2018 to the BCA introduced the same requirements of maintaining accounting records as applicable to domestic and foreign corporations, to all domestic and foreign trusts.

49. All the changes brought in through the Administrative Regulations No. 28 in July 2019 and No. 47 in September 2019, have now been placed before the legislature as amendments to the relevant laws to give them more weight. Liberian authorities expect these amendments to be passed by the parliament in early 2020. While the Regulations have the force of law and are equally enforceable, having these changes introduced into the relevant statutes will give the necessary endorsement of the legislature to these changes.

50. Liberia signed the Multilateral Convention in June 2018. Liberia has informed that it has already placed the Multilateral Convention for ratification before the Legislature and is expecting it to enter into force in early 2020. Similarly, Liberia signed the Multilateral Competent Authority Agreement (CRS) on 7 August 2018. It is in the process of being ratified by the Liberian Legislature.



## Part A: Availability of information

51. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of bank information.

### A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

52. The Phase 1 Reports (2012 Report read with the Supplementary Report of 2016) had determined that the legal and regulatory framework to ensure the availability of identity and ownership information was “not in place”. The primary reasons for this determination were that Liberia permitted all companies to issue bearer shares and identity information on their owners would not be available. Further, information on persons in respect of whom nominees were acting was not available when the nominee was not a financial services institution.

53. Liberia amended the BCA in April 2018 to address the issue of bearer shares. New corporations incorporated after 31 May 2018 are not permitted to issue bearer shares. Corporations incorporated prior to 31 May 2018 and whose articles of incorporation authorised the issuance of bearer shares can retain the right to issue bearer shares but a custodial arrangement has been introduced to immobilise a) already issued bearer shares and b) bearer shares that they may issue in future. Pre-31 May 2018 corporations that failed to inform the authorities about their desire to retain the right to issue bearer shares would have an automatic amendment to their articles of incorporation leading to only the right to issue registered shares and their already issued bearer shares would stand “disabled”. Holders of such disabled shares would have no rights unless such shares are converted to registered shares. Recently, in September 2019, Liberia has issued Administrative Regulation No. 47 of Vol. XIX that now requires the holders of disabled bearer shares to convert such shares to registered shares by 31 December 2020 or lose all associated

shareholder rights. These relatively recent changes require monitoring and supervision by the Liberian authorities.

54. To address the strengthened international standard on the availability of information on the beneficial owners of relevant entities and arrangements, Liberia has introduced the requirement to have beneficial ownership information for all corporations incorporated in Liberia. The definition of “beneficial owner” is in line with the standard. However, the Liberian authorities should issue further guidance on identifying beneficial owners based on control (including control through other means) and the three-step approach for identifying beneficial owners of legal entities. Further, in the case of trusts and similar legal arrangements, Liberia needs to provide guidance that the standard requires the identification of the settlor, trustee(s), protector (if any) and all of the beneficiaries.

55. The requirement to maintain beneficial ownership information has been extended to other legal persons (other than corporations) and arrangements by way of Administrative Regulation No. 28 of Vol. XIX in July 2019.

56. The 2016 Report had recommended that an obligation should be established for all nominees to maintain relevant ownership information where they act as the legal owners on behalf of any other person. By way of Administrative Regulations No. 28 of Vol. XIX of July 2019 and No. 47 of Vol. XIX of September 2019, Liberia has introduced obligations on nominee shareholders to be identified and nominees to maintain relevant ownership information in respect of persons on whose behalf they are acting. Considering the changes are very recent, Liberia should ensure the implementation of this new requirement.

57. All non-resident domestic entities are registered in Liberia through their Liberian registered agent, the LISCR Trust Company. The Minister of Foreign Affairs is the Registrar for the non-resident and resident domestic entities, with Liberian Registry being administered by the LISCR LLC based on the Act approving the Agreement entered into between the Government of Liberia and LISCR LLC. The arrangement between the Liberian Government, LISCR LLC and the LISCR Trust Company must ensure that applying sanctions on non-resident domestic entities, whenever they fail to comply with the requirements of keeping legal and beneficial ownership information, is practicable and effective. Importantly, the supervision of non-resident domestic entities by the Liberian Registrar (or the Deputy Corporate Registrar) has not been adequate to ensure that they are duly complying with the ownership information requirements imposed by law. No other government authority besides the Registrar has oversight responsibilities for these entities. For monitoring entities’ compliance with the requirements of maintaining beneficial ownership information, Liberia has very recently (after the on-site visit in April 2019) put in place a system of requiring attestations

by entities affirming their compliance with the legal requirements, as and when the Registrar requires them to file such an attestation. The Registrar has called for such attestations in some cases on a random basis. Considering the very recent change in this respect, Liberia needs to ensure that this new mechanism is effective and comprehensive in ensuring the availability of up-to-date and accurate beneficial ownership information at all times.

58. For entities that have ceased to exist, ownership information may not always be available in practice. Liberia should ensure that legal and beneficial ownership information on entities that have ceased to exist is available in all cases for at least five years as required by the Associations Law.

59. During the current peer review period, peers reported sending six requests to Liberia seeking legal and beneficial ownership information. The Liberian Competent Authority has informed that it received only two of these requests during the review period. Liberia was able to respond satisfactorily to the two requests and peers were satisfied with the information provided. In relation to two out of the other four requests, which were resent to Liberia in March 2019 by the treaty partner, Liberia responded by providing the information that was available with LISCR LLC (the contract Registrar for non-resident domestic entities) without going to the non-resident domestic entities as the requesting jurisdiction did not want the entities to be alerted about the request. Beneficial ownership information was not available with LISCR LLC and could have been obtained only by contacting the entities. In the last two requests, the entities concerned had been dissolved in June 2016 while the requirement to maintain beneficial ownership information had come into effect from May 2018.

60. The table of recommendations, determination and rating is as follows:

| <b>Legal and Regulatory Framework</b>  |  |  |
|--|--|--|
|  | <b>Underlying Factor</b>   | <b>Recommendations</b>   |
| <b>Deficiencies identified</b>   | The definition of beneficial owners, introduced in the Associations Law for corporations and extended to all other legal entities and arrangements by way of Administrative Regulation, is in line with the standard. However, there is no guidance on how to determine beneficial owners in situations where control is exercised through means other than direct control, or on the three-step process to identify beneficial owners for legal entities. Further, there is no guidance in the case of trusts or similar legal arrangements or legal entities functionally similar to trusts, settlor, trustee(s), protector (if any, all the beneficiaries and any other natural person exercising ultimate effective control over the trust should be identified. | Liberia should issue adequate guidance on how to identify beneficial owners of legal entities and arrangements so that accurate and up-to-date information on beneficial owners is always available.   |
| <b>Determination: The element is in place, but certain aspects of the legal implementation of the element need improvement</b> |  |  |
| <b>Practical Implementation of the standard</b>  |  |  |
|  | <b>Underlying Factor</b>   | <b>Recommendations</b>   |
| <b>Deficiencies identified</b>   | Liberia has recently introduced the requirement to have beneficial ownership information for all domestic corporations. Further, through a recent Administrative Regulation, the same requirements have been extended to all other relevant legal entities and arrangements. It is not clear if the new requirements are being effectively supervised in practice. Liberia has only very recently started seeking attestations from non-resident domestic entities that they are complying with the legal obligations.   | Liberia must ensure that the new requirements of having beneficial ownership information on all domestic corporations and legal entities and arrangements are effectively supervised by the authorities concerned. The new monitoring mechanism of seeking attestations from non-resident domestic entities needs to be monitored for its effectiveness, strengthened and complemented by other stronger supervisory measures. |

| <b>Practical Implementation of the standard</b>      |  |  |
|--|--|--|
|  | <b>Underlying Factor</b>   | <b>Recommendations</b>   |
| <b>Deficiencies identified</b><br><i>(continued)</i> | While the law provides for sanctions for non-maintenance of legal and beneficial ownership information against non-resident domestic entities, in practice, it may not be possible to enforce the sanctions on the non-resident domestic entities and such entities may not comply even with the imposed penalties.  | Liberia should ensure that the enforcement and supervision of non-resident domestic entities is strengthened and that the supervisory authorities' enforcement powers in relation to non-resident domestic entities are practicable and can create the required deterrent effect against non-compliance with the requirements of keeping legal and beneficial ownership information. |
|  | Through Administrative Regulation No. 47 of Vol. XIX, in September 2019 Liberia has imposed the requirements on the registered agent to annually obtain and maintain legal and beneficial ownership information on all the non-resident domestic entities for which it acts as the registered agent. These requirements are to be supervised by the FIU. These new requirements are very recent. | Liberia must ensure that the registered agent complies with the new requirements under the Administrative Regulation and the FIU suitably guides and supervises the registered agent and takes all necessary enforcement measures under the AML law to ensure that up-to-date and accurate beneficial ownership information is available with the registered agent.                  |
|  | Ownership information may not always be available in respect of entities that are inactive, have been involuntarily dissolved or that cease to exist, especially in the case of non-resident domestic entities and arrangements.   | Liberia should ensure through effective supervision that for entities that are inactive or cease to exist, ownership information is available in all cases for five years.   |

| <b>Practical Implementation of the standard</b>      |  |   |
|--|--|---|
|  | <b>Underlying Factor</b>   | <b>Recommendations</b>  |
| <b>Deficiencies identified</b><br><i>(continued)</i> | Liberia has amended its law to prevent new corporations from issuing bearer shares and for corporations that have the right to issue bearer shares to either immobilise them with a custodian or convert them to registered shares or amend their articles of incorporation to allow issuance of only registered shares. Further, Liberia has only recently introduced the last date for conversion of all existing bearer shares to registered shares by way of an Administrative Regulation. For custodialisation of bearer shares issued or to be issued by pre-May 2018 incorporated non-resident domestic companies that have retained the option to issue bearer shares, Liberia has very recently engaged foreign custodians. | Liberia should ensure that all recent changes in respect of bearer shares are suitably monitored such that corporations that have the ability to issue bearer shares immobilise the issued bearer shares with recognised custodians or convert them into registered shares; or amend their articles of incorporation and convert already issued bearer shares to registered shares by 31 December 2020. Where foreign custodians hold bearer shares of non-resident domestic corporations, Liberia must ensure that the ownership information in respect of bearer shares immobilised with them is readily available to the Liberian Competent Authority. |
|  | Liberia has very recently introduced provisions through an Administrative Regulation to require that nominee shareholders be identified and have information on all persons on whose behalf they are acting as legal owners.   | Liberia should ensure that these requirements in respect of nominee shareholders are effectively supervised and enforced.   |
| <b>Rating: Partially Compliant</b>                   |  |   |



### *A.1.1. Availability of legal and beneficial ownership information for companies*

61. The 2012 and 2016 Reports had analysed the legal framework with regard to company formation in Liberia. As noted in these earlier reports, there are primarily two types of companies that can be incorporated in Liberia – Corporations and Limited Liability Companies (LLCs).<sup>7</sup> Part II of the Associations Law provides for incorporation of special types of corporations called Not-for-Profit Corporations (NPCs). The rules and regulations for corporations apply directly to such NPCs except that instead of having shareholders and issuing stock, NPCs have members and issue non-transferrable membership certificates. Further, such NPCs are not permitted to distribute any gains, profits or dividends to their members except on dissolution.

62. Liberian domestic corporations and LLCs can be resident or non-resident. Resident domestic corporations and LLCs are those that have been incorporated in Liberia under the BCA and are authorised to do business in Liberia. Non-resident domestic corporations and LLCs are offshore entities, i.e. they have been incorporated under the BCA in Liberia but are not authorised to do business in Liberia.

63. Foreign corporations can be registered in Liberia under Chapter 12 of the BCA and can be authorised to do business in Liberia by filing a prescribed application with the Registrar, i.e. the Minister of Foreign Affairs. Since they do business in Liberia, they are also tax residents in Liberia and pay taxes on the income sourced from Liberia.

64. Chapter 13 of the Associations Law deals with Foreign Maritime Entities (FMEs). FMEs were discussed in both the 2012 and 2016 Reports. A corporation created under the laws of a foreign jurisdiction can apply to the Registrar to obtain authorisation for the sole and limited purpose of owning and/or operating a Liberia-flagged maritime vessel (section 13.1 of Associations Law). Such corporations are registered as FMEs in Liberia. It had been concluded in the 2016 Supplementary Report that unless FMEs have either their headquarters in Liberia or are tax residents, they would not be considered relevant legal entities under the international standard. The position in this regard remains unchanged since the 2016 Report and hence, FMEs are not considered relevant legal entities in this report.

65. As of 26 August 2019, Liberia had a total of 32 118 corporations (17 748 resident domestic corporations and 14 370 non-resident domestic

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7. There used to be provisions for incorporating a third type of companies – Registered Business Companies but none has ever been incorporated. However, through an amendment to the BCA in 2016, the chapter that dealt with them was repealed and such companies can no longer be incorporated in Liberia.

corporations). Out of the non-resident domestic corporations, Liberia has informed that about 60% to 65% are engaged directly in shipping, about 30% are engaged in businesses related to shipping, while the rest are engaged in real-estate business, construction and investment businesses. Liberia also had 177 resident domestic LLCs and 44 non-resident domestic LLCs. Liberia had 272 Foreign Corporations authorised to do business in Liberia. All the EOI requests received so far by Liberia related to non-resident domestic (offshore) entities.

### *Legal ownership and identity information requirements*

66. The requirements for having legal ownership for different types of companies in Liberia are contained primarily in the Associations Law. The Revenue Code of Liberia also places similar requirements for ownership information on resident domestic entities as well as foreign entities that are tax residents in Liberia. The AML Law (together with the FIU Act) complements these laws and requires such information to be available in cases where an AML-obliged person (primarily financial institutions in Liberia’s context) is engaged with the legal entities. The following table<sup>8</sup> shows a summary of the legal requirements to maintain legal ownership information in respect of companies:

**Legislation regulating legal ownership of companies**

| Type                             | Company Law | Tax Law | AML Law |
|----------------------------------|-------------|---------|---------|
| Corporation                      | All         | Some    | Some    |
| Limited Liability Companies      | All         | Some    | Some    |
| Not-for-Profit Corporations      | All         | Some    | Some    |
| Foreign companies (tax resident) | All         | All     | Some    |

### Company Law requirements

67. Legal ownership and identity requirements for corporations are mainly found in the applicable company law, i.e. the BCA. Upon incorporation, all Liberian corporations are required to file articles of incorporation with the Registrar of Corporations (i.e. the Minister of Foreign Affairs). The Registrar indicates whether the company is resident or non-resident (BCA, s. 4.6; see also the 2012 Report, paras. 48 to 50). The articles of incorporation

8. “All” in this context means that every entity of this type is required to maintain ownership information for all its owners and that there are sanctions and appropriate retention periods. “Some” in this context means that an entity will be required to maintain information if certain conditions are met.

must contain the name, purpose and registered address of the corporation as well as the number of directors and the name and address of each incorporator. For a corporation with share capital, the articles must also contain the aggregate number of shares, including number of registered and bearer shares (only for corporations incorporated before 31 May 2018). Any amendment to the articles of incorporation must be filed with the Registrar (BCA, s. 9.5), but not the name of subsequent owners. In practice, resident domestic corporations register with the LBR while the non-resident domestic corporations register with the LISCRC (the Registrar's authorised agents acting on its behalf). The Registrar maintains an index of corporations registered under the Act together with the register of all documents required to be filed.

68. Limited liability companies (LLCs) are formed when one or more persons execute a certificate of formation with the Registrar which sets forth the name of the LLC, name and address of its registered agent, and any other matters members determine to include (Business Corporations Act, s. 14.2.1).<sup>9</sup>

69. Legal ownership information for corporations and LLCs authorised to do business in Liberia is collected as part of the application form for Business Registration and is submitted at the LBR. This application form includes comprehensive ownership and identity information for corporations (including business corporations, foreign corporations, and not-for-profit corporations) and LLCs. It requires identifying information on owners, registered agents, directors, incorporators, shares and shareholders. Where there are changes to the information provided in the form, this information has to be updated with the LBR within 30 days (Business Registration Act, s. 4.6). Therefore, for all entities for which this application is required, ownership and identity information must be maintained. Since non-resident domestic corporations and LLCs are not authorised to do business in Liberia, they are not required to file this form and hence, their legal and beneficial ownership information would not be available based on this form. However, they are themselves required to maintain such information under Liberian law.

70. The 2016 Report had noted that the amendment to the BCA in 2016 had introduced the requirement on all business corporations and LLCs to keep up-to-date records containing the names and addresses of all registered shareholders/members, the number and class of shares held by each and the dates of ownership thereof (BCA s. 8.1.3 and s. 14.3.5(1c)). Corporations and LLCs must maintain such information for five years.

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9. Any amendment to the certificate of formation must be filed with the Registrar (Business Corporations Act, s. 14.2.2.2).

### Tax Law requirements

71. The Revenue Code of Liberia is not the primary source of legal ownership or beneficial ownership information of corporations or LLCs. However, the information collected under the tax requirements does supplement the information available under the company law. The Liberia Revenue Authority (LRA) is the government entity responsible for monitoring and ensuring registration of businesses for tax purposes. The LRA also ensures that ownership information of taxpayers is updated regularly. Every resident domestic corporation or LLC, and foreign corporations or LLC authorised to do business in Liberia must obtain a Tax Identification Number and file tax returns annually. Legal ownership details are collected as part of the prescribed form for obtaining the TIN. Further, under the Transfer Pricing Rules introduced from November 2016, taxpayers with international transactions with their associated enterprises have to file annually with the LRA documentation pertaining to transfer pricing, including legal ownership information.

72. In summary, the LRA maintains legal ownership information only in relation to resident entities who are doing business in Liberia or foreign corporations that are tax residents by virtue of doing business in Liberia, i.e. it has no information on offshore entities which, to date, have been the ones on which Liberia has received EOI requests.

### AML Law requirements

73. The AML Act and the FIU Act impose AML obligations on financial institutions and DNFBPs (which include legal professionals and accountants and Trust and Company Service Providers (TCSPs)) of carrying out CDD on their customers. The coverage of the AML Act read with the FIU Act is fairly comprehensive and should have ideally, resulted in the availability of legal ownership information in all cases. However, in practice, the law, especially in respect of DNFBPs, and in particular with respect to the registered agent for non-resident domestic entities, has not been enforced and monitored and hence, has not been the key source of ensuring the availability of legal ownership information in all cases (refer paragraphs 88 to 94 below).

### Legal ownership information – Enforcement measures and oversight

74. The Associations Law, as amended on 5 May 2016, states that with respect to domestic corporations, foreign corporations doing business in Liberia, domestic LLCs, and foreign LLCs doing business in Liberia, any person who knowingly fails to maintain ownership and identity records as required by law would be liable to a fine between USD 3 000 and USD 5 000, cancellation of the formation of the entity, or both (BCA, ss. 8.1.6 and 12.12;

s. 14.3.5(1f)). In addition, failure to maintain ownership and identity records may expose domestic corporations to revocation of their certificate to do business in Liberia and/or dissolution. Similarly, foreign corporations authorised to do business in Liberia may also be exposed to revocation of their certificate to do business in Liberia or any combination of penalties prescribed under s. 8.1.6 of the BCA.

75. The Liberian Business Registry performs the functions of the Registrar for all resident domestic entities, while the Minister of Foreign Affairs through its agent, LISCR LLC, performs the same functions for non-resident domestic entities.

76. The Associations Law, as amended in 2016, empowers the Registrar to seek ownership and identity information from any domestic corporation, foreign corporation, domestic LLC, foreign LLC, domestic partnership, domestic limited partnership and Liberian private foundation. If any of these entities refuses to provide such information, the Registrar may impose a penalty, which is a fine of not less than USD 1 000. Further, such failure may also render the corporation “not in good standing” – a status that hampers normal operations of the corporation as well as prevents the corporation from accessing courts in Liberia. A continued failure to provide such records may lead to the cancellation of the certificate of formation of such defaulting entity or its dissolution, as the case may be (BCA, ss. 8.1.7, 12.12 and 14.3.5.7).

77. In practice, during the review period, there was lack of adequate oversight and supervision by the Registrar over the entities in respect of their obligations to maintain ownership information. While this is the case for both resident and non-resident domestic entities, the associated risks to EOIR with respect to lack of supervision and oversight of non-resident domestic entities are significantly higher. After this finding was made during the on-site visit in April 2019, Liberia has informed that, the Registrar for non-resident domestic entities has introduced a supervision mechanism of calling for self-attestations from non-resident domestic entities (refer paragraph 107). While this is a welcome effort in respect of putting in place a supervisory arrangement, for reasons discussed in paragraphs 100 and following, in practice, Liberia would need to further strengthen its supervision and enforcement mechanisms to ensure the necessary compliance.

78. The LRA conducts both onsite and off-site audits on resident entities. About 50% of the audits are on-site audits. Hence, the LRA has some oversight over the resident entities’ compliance with the requirements to hold legal ownership information.

## Inactive companies

79. Resident domestic companies are identified as being inactive if they fail to renew their annual business licence with the LBR. Under such circumstances, LBR sends notices to the company at the address available in its records, requesting for payment of the annual business renewal fees. In case of failure to renew the licence for three consecutive years, the company is identified as inactive. The authorities have not been able to indicate how many resident domestic companies have an inactive status. Inactive companies can be dissolved by LBR. However, LBR has not reported having dissolved resident domestic inactive companies.

80. The LRA informed that it also monitors inactive resident domestic companies from the perspective of tax return filing obligations. If there is no tax return filing by a taxpayer for three years, LRA checks whether it is still existing and active. If found to be inactive, it is suspended from the tax database. LRA has identified 567 inactive taxpayers (out of which 181 were large taxpayers, 351 were medium taxpayers and 35 were small taxpayers). LRA has been monitoring these taxpayers for any activities.

81. LISCRC LLC has informed that it identifies non-resident domestic companies not paying the annual fees as inactive. In case there is continued failure for three consecutive years, even upon reminder, companies are deleted from the register, i.e. annulled and dissolved. However, since Liberia relies on the entities themselves for holding legal and beneficial ownership information at their end, only the information provided to the Registrar at the time of initial registration would be available with LISCRC. This would hold true for LBR as well, in the case of resident corporations. LISCRC informed that it had issued proclamations of annulments in the case of 2 319, 1 992 and 1 890 entities (mostly companies) from its register in 2016, 2017 and 2018 respectively. Such proclamations were issued for reasons like non-payment of fees or fines, or non-compliance, or in cases where the entities themselves had sought voluntary dissolution. Liberia did not anticipate an increase in deletions going forward.

82. The obligation to maintain up-to-date legal and beneficial ownership information would continue to apply on the inactive companies themselves as per the requirements of the Associations Law and they would face the sanctions and penalties as prescribed for non-compliance. However, in practice, especially for non-resident companies, except for dissolution, Liberia may not be able to impose any sanctions on such inactive companies and up-to-date ownership information may not always be available. This issue can be resolved through adequate supervision, monitoring and prompt and effective enforcement by the supervisory authorities. This is part of the overall recommendation that has already been made in this regard.

### *Availability of beneficial ownership information*

83. The international standard was strengthened in 2016 with a new requirement that beneficial ownership information on companies should be available. In Liberia, this aspect is met through the requirement in the Associations Law (BCA as amended in April 2018) for all resident and non-resident domestic corporations and for foreign corporations authorised to do business in Liberia to maintain beneficial ownership information.

84. In addition, under the obligations of the AML law, the Central Bank of Liberia has issued AML/CFT Regulations in 2017 requiring financial institutions to obtain beneficial ownership details of all their account holders. Most resident corporations and LLCs would have a bank account in practice, if they were conducting any business in Liberia (but they have no obligation to open a Liberian bank account). However, non-resident domestic entities do not, in practice, have any bank account in Liberia. By way of a recent Administrative Regulation in September 2019, it has been clarified that LISCR Trust Company would be an obliged person under the AML Law and would be required to maintain up-to-date beneficial ownership information about the non-resident domestic entities in Liberia. However, Liberia may need to issue further guidance/regulations on the meaning of beneficial ownership and customer due diligence for the registered agent and actively monitor and supervise it. Each of these legal regimes is summarised below.

#### **Legislation regulating beneficial ownership information of companies**

| Type                             | Company Law | Tax Law <sup>10</sup> | AML Law |
|----------------------------------|-------------|-----------------------|---------|
| Corporations                     | All         | None                  | Some    |
| Limited Liability Companies      | All         | None                  | Some    |
| Not for Profit Companies         | All         | None                  | Some    |
| Foreign companies (tax resident) | All         | None                  | Some    |

#### **Company Law requirements**

85. Section 8.1.3 of the BCA requires that every domestic and foreign corporation authorised to do business in Liberia keep up-to-date records containing the names and addresses of all registered shareholders and beneficial

10. The Revenue Code does not provide for any requirements to identify or maintain information on beneficial owners by legal entities. Moreover, its scope is restricted to resident taxpayers and does not cover non-resident domestic entities. For resident taxpayers that file tax returns, some of such information would be available, in case natural persons are identified and reported by the taxpayers themselves.

owners, the respective number and class of shares held by each and the dates of ownership thereof. The requirement of maintaining beneficial ownership information for all domestic corporations and for foreign corporations authorised to do business in Liberia has been introduced by the April 2018 amendment to the BCA. The amendment has also introduced a definition for “beneficial owner” in section 1.2(b) of the BCA: “Beneficial Owner refers to the natural person(s) who ultimately owns or controls a corporation and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement”.

86. Under the existing BCA, the requirement to have beneficial ownership information is applicable to domestic corporations (resident as well as non-resident) and to foreign corporations authorised to do business in Liberia. Through the recent Administrative Regulation No. 28 of Vol. XIX of July 2019, Liberia has extended the requirement to maintain beneficial ownership information to all other legal entities and arrangements and hence, LLCs are also covered by the obligation to maintain beneficial ownership information. Such information must be kept for five years from the date to which the information pertains.

87. The definition of beneficial owner for corporations is in line with the standard. Administrative Regulation issued in September 2019 provides some guidance on “ultimate ownership and ultimate effective control”. For instance, the guidance does make an attempt to emphasise that ultimate effective control means any person exercising final control, through layers and levels of decision in an entity and has final decision making ability. Similarly, it seeks to suggest that ultimate ownership needs to be looked through the layers or chain of ownership. However, the guidance is not very clear and misses situations where control is exercised through means other than direct control (control through other means). Further, the three-step guidance to identify beneficial owners has not been provided, i.e. first based on direct and indirect ownership and if there is doubt, to identify based on control through other means and if no natural person is identified as beneficial owner based on the first two steps, to identify a senior management natural person as the beneficial owner. Absence of such guidance could lead to situations where beneficial owners may be inconsistently or incorrectly recorded and beneficial ownership information may not be available. Liberia is recommended to provide adequate guidance for legal entities to correctly and consistently identify beneficial owners in all situations.



## Anti-money laundering requirements

88. The Anti-Money Laundering and Terrorist Financing Act 2012 defines the various money laundering and terrorist financing crimes and applicable sanctions. The FIU Act 2012 establishes the Financial Intelligence Unit (FIU) and prescribes its powers and functions. The FIU Act requires all AML-obliged persons to carry out Customer Due Diligence by way of internal policies and procedures. However, it does not define the concept of beneficial ownership and does not explicitly provide for the specific CDD procedures and the frequency of such procedures that need to be carried out by AML-obliged persons.

89. Although beneficial owner is not defined in the AML Act or the FIU Act, in relation to financial institutions, the AML Act is complemented by the AML/CFT Regulations for Financial Institutions 2017 issued by the Central Bank of Liberia. They define beneficial owner as “the natural person(s) who ultimately owns or controls a customer/client or the rights to and/or benefits from assets, including an account or property, as well as the person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement”. This definition is in line with the standard except for the similar kind of lack of guidance on what “ultimate effective control” (including control through other means) means and the lack of three-step approach to identify beneficial owners of legal entities in practice.

90. Those individuals and entities subject to AML are required to implement due diligence and record keeping procedures of their choice, provided that those procedures are “reasonably capable of establishing that the applicant is the person who he claims to be” and, thus, in compliance with the provisions of the AML law (s. 15.114 of AML law). A failure to uphold the provisions of this Act renders the violator criminally liable.

91. The AML/CFT Regulations require that service providers in the banking, insurance, investment and other financial sectors follow identification, record-keeping, and other internal reporting procedures establishing the identity of customers with whom there is either an on-going business relationship, or there is a transaction in respect of which the service provider knows or suspects money-laundering, or there is a transaction in excess of the specified threshold of USD 15 000. Identification procedures include establishing, to the satisfaction of the service provider, the identity of the person or the identity of a principal (either disclosed or undisclosed) where the person dealing with the service provider is, or appears to be, acting as an agent. While penalties are imposed for failure to comply with these requirements, these requirements do not extend to identifying the ownership structure of corporate customers.

92. AML/CFT Regulations require that financial institutions like banks need to identify beneficial owners of all their customers. Resident domestic corporations and LLCs would, in practice, have a Liberian bank account. Hence, banks would have the beneficial ownership information for such resident domestic corporations and LLCs. However, all non-resident corporations and LLCs that do not carry on business in Liberia, would not have bank accounts with Liberian banks and would not be covered by these AML obligations on financial institutions.

93. However, the AML Act 2012, through the FIU Act, does extend to Trust and Company Service Providers (TCSPs). TCSPs have been defined to include “any person acting as a formation, registration or management agent of legal persons, or any person providing a registered office, business address or accommodation, correspondence, or administrative address for a company, a partnership or any other legal person or arrangement”. Hence, LISCR Trust Company, being the sole registered agent for non-resident domestic entities, would fall under the purview of the AML law. However, until very recently, there was little clarity about the specific obligations of LISCR Trust Company vis-à-vis the information that it must maintain on non-resident domestic entities and about which supervisory authority would monitor its AML obligations. In practice, LISCR Trust Company was not maintaining up-to-date legal or beneficial ownership information on the non-resident domestic entities for which it was acting as the registered agent.

94. By way of Administrative Regulation No. 47 of Vol. XIX issued in September 2019, LISCR Trust Company has been explicitly obliged to comply with the requirements of the AML law. The Regulation stipulates that the registered agent shall mandatorily require the entities for which it serves as the registered agent, to annually record the information on directors, management and legal and beneficial ownership, to ensure that such business entities are in full compliance with the law, do not act in violation of any of the AML provisions, and are subject to enforcement against them for any identified AML violations. The new Regulation also requires LISCR Trust Company to keep these details and to ensure accessibility and availability of that information to the relevant competent authorities. It is recommended that Liberia make appropriate legal changes, or issue regulations or binding guidance applicable to the registered agent on the definition of beneficial owner, the CDD processes to be followed and procedures to keep the information updated at all times. Further, the FIU should effectively supervise and take all necessary enforcement measures under the AML law to ensure that the obligations placed on LISCR Trust Company in respect of all the entities for which it acts as the registered agent are complied with.

## Nominees

95. The 2016 Report had noted that the BCA did not have any obligations on the entities or the nominee shareholders/members to know the identity of the owners of the shares held in a fiduciary capacity. Hence, it had been recommended that an obligation should be established for all nominees to maintain relevant ownership information where they act as the legal owners on behalf of any other person.

96. Through Administrative Regulations issued in July 2019 (Regulation No. 28 of Vol. XIX) and then in September 2019 (Regulation No. 47 of Vol. XIX), Liberia has made it a requirement that all ownership details, including where nominees are holding shares or interest in an entity on behalf of someone else, be maintained by the entity. Further, nominees must maintain the details of the persons on whose behalf they are acting and must provide such information to the authorities when requested. The Regulations address the 2016 recommendation. Considering that these new requirements in respect of nominee holding of shares and interest in entities are very recent, Liberia should monitor the compliance of all obliged persons with these requirements.

### *Beneficial ownership information – Enforcement measures and oversight*

97. As described above, the main requirements to maintain beneficial ownership information arise under the BCA. The same sanctions as prescribed for maintaining legal ownership information apply for the obligations to maintain beneficial ownership information. Liberian authorities have informed that in July 2019, the LBR has introduced a web-based software facility for ensuring all resident domestic entities doing business in Liberia provide their updated beneficial ownership information online. This facility, as of now, is restricted to resident entities. Liberia did not report any specific supervisory activities carried out by LBR in respect of maintenance of beneficial ownership information by resident domestic companies and LLCs. Since the obligations for maintenance of beneficial ownership by resident domestic corporations was implemented from April 2018 and while for other entities, through the July 2019 Administrative Regulation, these new requirements do not seem to have been monitored adequately by the Registrar during the review period.

98. The Central Bank of Liberia is responsible for the overall supervision of banks and financial institutions and their compliance with the AML obligations under the AML Regulations 2017. It has carried out three AML/CFT on-site inspections of banks in 2017 and seven in 2018. On issues of AML, no penalties were imposed by the Central Bank of Liberia during the review period. Further details are provided in section A.3.

99. The FIU Act extends the supervisory oversight of the FIU to all AML-obliged persons that are not regulated by any other specified regulatory authority. For instance, all DNFBPs (legal professionals, accountants and TCSPs) would fall under the oversight responsibilities of the FIU. However, on issues of AML, no specific sanctions were reported by FIU during the review period.

100. In practice, during the review period, there was lack of adequate oversight and supervision by the Registrar over the entities in respect of their obligations to maintain beneficial ownership information. While this is the case for both resident and non-resident domestic entities, the associated risks with respect to lack of supervision and oversight of non-resident domestic entities are significantly higher. All of the EOI requests received by Liberia during the review period pertained to the non-resident domestic entities.

#### Implementation in practice and enforcement of company law requirements to keep beneficial ownership information on offshore entities

101. Liberian authorities have conducted some awareness raising activities in relation to the requirements to keep beneficial ownership information by non-resident domestic corporations. The Registrar, in conjunction with the designated agent LISCR LLC, has conducted two workshops at two different overseas locations to inform the users of Liberian Corporate Registry about the new requirements for beneficial ownership in the BCA. Furthermore, in January 2018, the Registrar, through its agent LISCR LLC, issued a notice to all their customers explaining the new beneficial ownership requirements that were to be introduced into law in April 2018. Additionally, the new requirements for beneficial ownership under the BCA have been detailed and explained in available social media sources such as the Corporate Registry blog, LISCR's newsletter and LISCR's LinkedIn profile. A more detailed circular in this regard was also issued in June 2018.

102. Liberian authorities have confirmed that in the past and during the review period, there has been no imposition of any penalty on any of the non-resident corporations or LLCs for non-maintenance of legal ownership information, which has been required to be maintained as per law since 2016. (Beneficial ownership information requirement is applicable from only 2018.) Further, no non-resident company has ever been dissolved or has been held to be "not in good standing" on the grounds of non-maintenance of information required to be kept by law. Nevertheless, LISCR has indicated that some penalties have been imposed for non-payment of fee or failure to maintain a registered agent. For instance, the penalty of annulment/revocation of corporations has been imposed on 1 326, 1 178 and 1 053 corporations in 2016, 2017 and 2018 respectively.

103. As has been noted earlier in the section describing the Liberian Associations Law in the Overview of this report (refer paragraph 33), the Liberian Minister of Foreign Affairs is the Registrar for resident and non-resident domestic corporations. While for the domestic corporations, the Registrar has delegated her/his administrative and enforcement functions to the Liberian Business Registry (headed by the Registrar General), for non-resident domestic corporations, all administrative and supervisory functions have been outsourced to a foreign private company, LISCOR LLC, USA. The Registrar (who represents the Minister of Foreign Affairs) in charge of the non-resident domestic entities has an office at the LISCOR LLC's premises in Washington, DC to ensure close and direct guidance and co-ordination between the Registrar and LISCOR. In practice, LISCOR LLC carries out the supervision of the registered non-resident domestic entities and the Registrar works closely with LISCOR. As per the "Restated GOL/LISCOR Agency Agreement and Monitoring of LISCOR's Compliance 2018", the Government of Liberia has made LISCOR the responsible party for "Entities growth, entities compliance with laws and regulations, and entities record keeping: accounting, shareholding listing". This task is to be an ongoing task. LISCOR has been made responsible to take "Actions/Measures for non-compliance: Corporate Annulments, Automatic Amendments, 2019 Penalty for failure to submit confirmation of compliance and from 2019, for fines for non-filing of annual affidavits". Thus, LISCOR has been made responsible for the supervision and enforcement functions of the Registrar vis-à-vis the non-resident domestic entities.

104. The non-resident domestic corporations' only presence in Liberia is by way of their statutory registered agent, the LISCOR Trust Company (a subsidiary of LISCOR LLC). The BCA does not require that at least one director or a senior managerial person be in Liberia. The question that arises under these circumstances is whether it is possible to enforce the legal sanctions prescribed under the BCA for non-maintenance of legal and beneficial ownership by non-resident domestic corporations. Both LISCOR LLC and its subsidiary LISCOR Trust Company are shielded from all liability under the BCA for failure of non-resident domestic entities to comply with the Liberian Law. The agency agreement between the Liberian Government and LISCOR LLC further shields the registered agent from any sanctions as long as the registered agent has been acting in "good faith".

105. LISCOR Trust Company or LISCOR LLC do not deal directly with the non-resident corporations. LISCOR LLC has certain third party service providers, who are called "address of record", located in different jurisdictions. They are the ones who are in direct contact with the ultimate customers of LISCOR LLC, who are the non-resident domestic corporations registered in Liberia. LISCOR LLC indicated during the on-site visit that the service providers it engages with are generally lawyers, accountants and professionals

who are AML-obliged persons in their jurisdiction and should have the legal and beneficial ownership details of the non-resident corporations. Even so, it is felt that this arrangement pushes the responsibility of having the legal and beneficial ownership to the jurisdiction where the AML-obliged “address of records” are located. In general, such a jurisdiction would be responsible for ensuring that its AML-obliged service providers have legal and beneficial ownership information for that jurisdiction’s relevant legal entities and arrangements and not necessarily those of Liberia’s. It is inappropriate for Liberia to rely on other jurisdictions’ enforcement regimes to comply with its own obligations under the EOIR Standard.

106. LISCR LLC is essentially the administrative arm of the Registrar on one hand, and on the other hand, through its subsidiary the LISCR Trust Company, it is the registered agent of the very same non-resident domestic entities. The Associations Law does not impose the requirements on LISCR to hold the legal and beneficial ownership information of the entities it registers (as such information is required to be maintained by the entities themselves and can only be called for by the Registrar). The Associations Law does not impose such a requirement on the registered agent either. Except for arbitration to resolve any disputes, the agreement between the Liberian Government and LISCR LLC does not provide for any grounds or mechanism by which Liberian authorities can sanction LISCR LLC or LISCR Trust Company.

107. Post on-site visit, between May and November 2019, the Registrar for non-resident domestic entities, acting through LISCR LLC, called for attestations that the entities are complying with their obligations of maintaining legal and beneficial ownership information and accounting records from 1 596 non-resident domestic entities (mostly corporations). Out of these, 1 592 entities filed the self-declarations affirming that they were compliant. While this is a welcome step in terms of putting in place a more systematic monitoring mechanism, self-declarations and attestations need to comprehensively cover all the non-resident domestic entities. The programme needs to be conducted systematically on a regular basis and to be complemented with regular inspections by the Registrar of the information and records required to be maintained under the law. This is all the more important to ensure that beneficial ownership information is being maintained accurately and is always up-to-date. Furthermore, the inspections need to be supported by prompt sanctions for non-compliance. Liberia may wish to strengthen the monitoring for the registered agent through the FIU as well.

108. Until very recently, the registered agent (LISCR Trust Company) was not obliged to maintain the legal and beneficial ownership information of the non-resident corporations for which it acted as the registered agent. The Administrative Regulation of September 2019 has now made LISCR Trust

Company explicitly obliged to maintain such information. There has been no enforcement and oversight of the AML-obligations of the registered agent by the FIU under the FIU Act. LISC Trust Company has not, hitherto, maintained any beneficial ownership information on the non-resident corporations and other entities for which it acts as the registered agent. Going forward, Liberian authorities have informed that the obligations on LISC Trust Company to maintain ownership information for all non-resident domestic entities will be supervised more closely by the FIU. The AML obligations on LISC Trust Company as the registered agent of all the non-resident domestic entities, have until the September 2019 Regulation, not been enforced and FIU has not carried out any supervision of the registered agent and its obligations to carry out CDD on all its customers.

109. Liberia must ensure that the new requirements of having beneficial ownership information on all domestic corporations and legal entities and arrangements are effectively supervised by the authorities concerned. The new monitoring mechanism of seeking attestations from non-resident domestic entities needs to be monitored for its effectiveness, strengthened and complemented by other stronger supervisory measures.

110. Further, Liberia must ensure that the registered agent complies with the new requirements under the Administrative Regulation and the FIU suitably guides and supervises the registered agent and takes all necessary enforcement measures under the AML law to ensure that up-to-date and accurate beneficial ownership information is available with the registered agent.

## Sanctions

111. The Liberian Registrar, in principle, can impose sanctions on the non-compliant non-resident domestic corporations. The sanctions are imposition of penalties ranging from USD 1 000 to USD 3 500, a declaration of not in good standing, annulment of the entity’s charter and hence a status of non-existence, and/or dissolution of the entity. It was learnt during the on-site that the Registrar had carried out two inspections at the foreign premises of the “address of records” during the last two years. In the two on-site inspections, Liberian authorities report that no non-compliance was found. The on-site inspections conducted at the first two addresses of record involved 346 entities. On-site inspections of three other addresses of record in August 2019 involved 46 entities. More recently, in November 2019, Liberia has reported carrying out another 18 on-site inspections on address of records where about 1 000 entities were covered. Three cases of non-compliance were detected and Liberian authorities inform that sanctions were applied. It is not clear whether the sanctioned entities complied with the penalties. In any case, inspections of “address of records” can primarily ascertain whether

they have been complying with their AML obligations as per the laws of the jurisdictions from where they operate. The inspections need to be carried out on the non-resident domestic entities that are subject to the laws of Liberia. The challenge that Liberian authorities may face is that except for dissolution of the non-resident domestic entity, they may not be in a position to impose any enforceable sanction on the non-domestic entities to make them maintain and provide the information. Pecuniary penalties do not appear to be dissuasive under such circumstances. Even if they are imposed, it is difficult to understand how such civil penalties can be enforced when neither the errant persons concerned, nor the supervisory authority is located on Liberian territory. It is not the case that, upon dissolution, the Registrar or LISCRA are able to obtain the needed information. It is neither the case that the Registrar would be able to access the previous five years of information that such an entity was required, by law, to maintain. Nevertheless, Liberian authorities believe that if an entity does not comply with penalties imposed, its status will be converted to “not in good standing” without which it cannot operate. To be restored to good standing status, such corporations must pay the outstanding penal dues and also provide the relevant information. However, it is not clear how Liberian authorities can ensure that a non-resident domestic corporation operating fully overseas will not be operating normally overseas. No further information on specific supervision in this regard has been provided. Hence, it is difficult to accept the robustness and effectiveness of this sanctioning mechanism. Liberia is recommended to ensure that the enforcement and supervision of non-resident domestic entities is strengthened and that the supervisory authorities’ enforcement powers in relation to non-resident domestic entities are practicable and can create the required deterrent effect against non-compliance with the requirements of keeping legal and beneficial ownership information.

### Availability of legal and beneficial ownership information in practice in relation to EOI

112. During the period under review, Liberian Competent Authority has received requests for information only in relation to its non-resident domestic entities. None of the requests sought any information on resident domestic entities. Out of the six requests sent by peers during the review period, Liberia informed that it received only two requests which it responded to and the peers were satisfied with the responses received. However, four requests not received earlier by Liberia were resent to Liberia by its peer again in March 2019. In respect of two requests, the peer had requested Liberia not to alert the taxpayer. Since the ownership information could be obtained only from the entities themselves, Liberia informed the treaty partner accordingly. In the remaining two requests, the two entities had been dissolved in June 2016, while the requirement of maintaining beneficial ownership information



came into effect from April 2018. Hence, the information was not available. Liberia communicated the same to the treaty partner and provided the information available with the Registrar.

### ***A.1.2. Bearer shares***

113. Liberian law previously allowed the issuance of bearer shares by corporations and share warrants by Registered Business Companies. The 2012 Report noted that the identity information on owners of these instruments may not be available and had accordingly made recommendations. The 2016 report noted that through an amendment to the Associations Law, the entire Chapter of the Associations Law that dealt with Registered Business Companies was repealed and hence, the issue of bearer share warrants was addressed. However, the Report noted that “identity information on the owners of bearer shares may not be available in relation to corporations” and Liberia was recommended to “take necessary measures to ensure that robust mechanisms are in place to identify the owners of bearer shares in relation to corporations”.

114. Since then, Liberia has amended the BCA in April 2018. Section 4.4(g) explicitly provides that “Any corporation incorporated after 31 May 2018 shall be authorised to issue shares in registered form only”. Thus, going forward, any resident or non-resident domestic corporation that is incorporated after 31 May 2018 cannot issue bearer shares.

115. For corporations incorporated prior to 31 May 2018, Liberia has put in place a custodial arrangement for existing and future bearer shares. As per amendments brought into the BCA in April 2018, any corporation incorporated prior to 31 May 2018, which has the authority to issue bearer shares as per its articles of incorporation, must at all times on and after the first anniversary of the date of its incorporation subsequent to 31 December 2018 (“Conversion Date”), either amend its articles of association to authorise issuance of registered shares only; or cause each holder of its shares in bearer form to either (i) convert such shares to registered form, or (ii) deposit the certificate for each such share with a Custodian pursuant to a custodial agreement entered into between such holder and the relevant Custodian.

116. Liberia has informed that its team of specialists has been monitoring the articles of amendment and the affidavits filed. Prior to the implementation of the bearer shares conversion/immobilisation regime, about 50% of all active (resident and non-resident domestic) companies had the ability to issue bearer shares. In particular, about 67% of all non-resident domestic corporations had the ability to issue bearer shares.

*Conversion of bearer shares*

117. Liberian authorities informed that for resident domestic corporations, LBR officials were personally counselling those that had the right to issue bearer shares in their articles of incorporation to forego the said right and amend their articles of incorporation. If they had issued bearer shares in the past, they were advised to inform their shareholders to get their bearer shares converted to registered shares. This was being done at the time of handling applications for renewal of business licences of these resident domestic corporations. The number of resident domestic companies having done the conversion is unknown for the moment. Given that the ultimate deadline for such conversion is 31 December 2019, it may take a few weeks before Liberian authorities would know the final details.

118. LISC Trust Company informed that they are reaching out to the non-resident domestic corporations that had the right to issue bearer shares. About 58% of them had filed voluntary amendments to their articles of incorporation to permit the issuance of registered shares only.

*Immobilisation of remaining bearer shares*

119. The Liberian Law permits corporations incorporated before 31 May 2018 to retain the right to issue bearer shares. The corporation must inform the Registrar on whether it retains this right. Every corporation authorised to issue bearer shares must submit to the Registrar, within 30 days of its first anniversary of incorporation in 2019, and each anniversary of its date of incorporation thereafter, an affidavit confirming:

1. the number of its shares issued and outstanding in bearer form, and the number of shares evidenced by certificates deposited with a Custodian;<sup>11</sup> or
2. that no shares are issued and outstanding in bearer form, and the corporation prefers to maintain the ability to issue bearer shares in the future. (s. 8.7 BCA)

120. For resident domestic corporations, the LBR is the designated custodian of bearer shares. It has put in place dedicated resources to carry out this function but has not received bearer shares in custody.

121. For non-resident domestic corporations, the custodian can be any domestic bank or other trust company with a paid in capital of USD 50 000

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11. For example, a corporation incorporated on 18 September 2017, which had the authority to issue bearer shares as per its articles of incorporation, would need to submit such an affidavit by 18 October 2019 (within 30 days of its first anniversary after 31 December 2018) and every subsequent year.

that has been authorised by the legislature to act under section 5.15 of the BCA as a custodian of certificates evidencing bearer shares and has obtained a licence from the Minister of Foreign Affairs. Initially, only the LISCR Trust Company was the designated custodian for bearer shares issued by non-resident domestic corporations. Recently, two other foreign custodians (two Greek firms) have also been licensed to act as approved custodians. Liberia informed that 300 non-resident domestic corporations had custodialised their bearer shares with the approved custodians, as of December 2019, 33 corporations had placed their bearer shares with LISCR Trust Company, while 267 corporations had placed them with the two licensed foreign custodians. Further, 736 non-resident domestic corporations filed declarations retaining the ability to issue bearer shares, while 6 569 corporations voluntarily amended their articles of incorporation withdrawing the right to issue bearer shares. Liberia has also informed that articles of association of 1 489 non-resident domestic corporations have been automatically amended to allow issuance of registered shares only.

122. The foreign custodians have been approved by the Ministry of Foreign Affairs and have been granted a special licence in this regard. In particular, the custodians need to inform the Registrar within seven days of any deposit of bearer shares (indicating the name of the corporation and number of shares placed in custody), any changes or cancellations of bearer shares in custody, or if the custodian ceases to be custodian of the shares. They are required to provide ownership information upon request to the Registrar. The foreign custodians have placed a security deposit of USD 50 000 with the Liberian Government and any non-compliance with the obligations imposed on the custodian may lead to penal consequences which would be recovered from the security deposit. Further, the custodian is required to top-up any shortfall in the security deposit if it arises, failing which the license granted can be revoked. Nevertheless, since this arrangement with foreign custodians is fairly recent, Liberia should ensure that the ownership information in respect of bearer shares immobilised with the foreign custodians is readily available to the Liberian Competent Authority.

#### *Automatic sanction for inaction*

123. If a Corporation incorporated prior to 31 May 2018 failed to either convert bearer shares into registered shares or have them deposited with a custodian before the Conversion Date, its articles of incorporation would be deemed to be automatically amended (without the necessity of filing any instrument of amendment). The amended articles of incorporation would automatically authorise issuance of shares in the registered form only and would necessitate that any shares then outstanding in bearer form are converted to registered form; and each of the issued and outstanding bearer

shares would be disabled. “Disabled” means that the relevant shares remain outstanding without any change in stated capital, but do not carry any of the rights that would ordinarily attach to such shares: the holder does not have any right to vote, to receive any dividends or any distribution of the assets of the corporation in the event of a dissolution or winding up of the corporation, or to transfer any interest in such shares (and the corporation may not reacquire any relevant shares). However, the holder has the right to exchange the certificate for such share for a certificate in its name representing the share in registered form.

124. By way of Administrative Regulation No. 47 of Vol. XIX issued in September 2019, Liberia has introduced the deadline of 31 December 2020 for anyone holding bearer shares to convert the same to registered shares or lose all associated rights and benefits. Considering the very recent changes made to the law in this respect, Liberia should monitor that all issued bearer shares are duly custodialised or converted to registered shares.

125. Liberia has introduced a penalty of USD 3 000 to USD 5 000 for non-compliance with the provisions. Further, the corporation could also be subjected to revocation or cancellation of its articles of incorporation, certificate to do business, or dissolution, or any combination of all these penal provisions. Liberian authorities informed that as of August 2019, 868 resident corporations and 260 non-resident corporations had been subjected to penalties of automatic amendment to the articles of incorporation. It was not clear if monetary sanctions had also been imposed on these entities.

### *Conclusion*

126. Liberian authorities were able to indicate the number of companies having the right to issue bearer shares, but were unable to provide data on the number of bearer shares issued by resident domestic corporations. It is also unclear the amount the said bearer shares represent. From the above discussion, there is a significant number of corporations that were incorporated prior to 31 May 2018, which are yet to amend their articles of incorporation and immobilise their bearer shares under a custodial arrangement before the Conversion Date. It is possible that by the end of 2019, more corporations may do so (as they have time till the first anniversary of their incorporation after 31 December 2018). However, there could be many corporations that may not file the requisite affidavit with the designated Registrar and may find their issued bearer shares automatically disabled and their articles of incorporation automatically amended. This will require monitoring and supervision by the Liberian authorities such that the law is enforced. The Liberian authorities affirmed that they would ensure implementation and enforcement of the law.

127. Overall, it appears that Liberia has made efforts to tackle the issue of bearer shares from the perspective of transparency. However, the legal changes that have been introduced need to be monitored very closely and enforced, and the Liberian authorities must ensure that the identity information of all bearer shareholders is always available in Liberia for both resident and non-resident corporations. It is recommended that Liberia monitors and suitably enforces the law applicable to bearer shares.

### ***A.1.3. Partnerships***

#### *Identity information*

128. Partnerships in Liberia are legal arrangements which have semblance of a distinct legal personality in the sense that the law requires instruments to be filed before they are accorded legal existence, with rights and obligations similar to those of corporations such as to sue and be sued, but with certain distinct differences from corporations, especially in respect of claims against persons possessing ownership. Liberian laws provide for the formation of two types of partnerships – general partnerships and limited partnerships. A general partnership is one where two or more persons carry on as co-owners a business for profit. Limited partnership is one where at least one of the partners is a partner with limited liability. Liberian authorities have reported that there were 428 resident domestic general partnerships and 18 resident domestic limited partnerships in Liberia that were registered with the LBR and the tax authorities (LRA) as of April 2019. Further, there were 1 non-resident domestic general partnership and 115 non-resident domestic limited partnerships as of April 2019 as per the data available from LISCR LLC.

129. All partnerships in Liberia are formed by way of a written agreement. The 2012 Report had noted that every partnership must have a registered agent for service of process, and the registered agent's name and address must be designated in the partnership agreement. For a resident domestic partnership, the registered agent has to be a resident domestic corporation or a resident natural person in Liberia. For a non-resident partnership, the registered agent must be a domestic bank or a trust company. In practice, LISCR Trust Company is the registered agent for all non-resident partnerships. The 2012 Report had concluded that the legal framework ensured the availability of ownership and identity information with respect to general partnerships and limited partnerships. The 2016 Report had further noted that the Partnership Act (Chapters 30 and 31 of the Associations Law) had been amended with effect from 6 May 2016 with an explicit requirement on every domestic partnership to keep an up-to-date record containing the names and addresses of all partners. Further, foreign partnerships (i.e. formed under a foreign law) doing business in Liberia are required to maintain and report

updated identity and ownership information to the Ministry of Commerce and Industry under the Business Registration Act (BRA). Similarly, if a foreign partnership has Liberian sourced income for tax purposes, it is required to file an income tax return, which captures updated identity information on partners. Based on the above, the 2016 Report concluded that the legal framework ensured the availability of ownership information for all relevant partnerships. No legal change occurred since then.

130. The Registrar has the right to call for and inspect all the records and information (including details of partners) from domestic partnerships. If such information is called for and is not provided or is not available with the partnership, the Registrar can impose a penalty of not less than USD 1 000 and can render the partnership to be “not in good standing” (a status that has implications for the partnership in terms of curtailing its rights to access courts or to effectively operate or conduct business activities). Further, non-maintenance of records (including records on partners) by the partnership may lead to imposition of fine of USD 3 000 to USD 5 000 or cancellation of the certification of partnership, or both. In practice, so far these sanctions have not been applied. Liberian authorities have informed that the Registrar, in respect of the non-resident partnerships, recently sent out compliance notices and received attestations from partnerships and Limited Partnerships indicating compliance with the recent record and information requirements (refer to paragraph 107 for the discussion on this attestation mechanism). Hence, the Registrar has not noted non-compliance in respect of these partnerships and has so far, not imposed any penalties.

131. In view of the above discussion, identity information on partners of all relevant partnerships should be available in Liberia as per the legal framework in place. However, in practice, such availability would rely on the effective monitoring and enforcement of the legal provisions by the Registrar as noted in paragraph 111.

### *Beneficial ownership*

132. Beneficial ownership information on a partnership would be available if it has a relationship with an AML obliged person. However, not all partnerships would engage an AML-obliged person at all times.

133. Although the BCA placed the obligation of maintaining beneficial ownership information only on corporations, by Regulation No. 28, Vol. XIX, Liberia extended the requirement to have beneficial ownership information to, *inter alia*, general and limited partnerships. As has been noted in the discussion on Companies, it is important that adequate guidance is provided on the meaning of “ultimate ownership or control” and “ultimate effective control” so that beneficial owners are correctly and consistently identified. Being a recent Regulation, the effectiveness of the newly introduced requirement

could not be ascertained in practice in relation to resident or non-resident domestic partnerships.

134. Beneficial ownership information for resident domestic partnerships should be available from a bank account in Liberia. Liberian authorities consider that most partnerships doing business in Liberia would ordinarily have a bank account, as it is difficult to enter into business transactions without a bank account, but no supporting statistical information has been provided. The Liberian AML law and the AML Regulations 2017 require that all financial institutions have beneficial ownership information available in relation to all account holders. Through interaction with the compliance officers of banks in Liberia, the assessment team got the sense that, in general, bankers understand the concept of beneficial ownership and do make efforts to identify the beneficial owners of all their customers, including partnerships. However, CBL has not issued any specific guidance to banks on how to systematically and consistently identify beneficial owners in respect of partnerships.

135. Through discussions with bankers, it was learnt that resident domestic partnerships would not ordinarily have very complex structures and identification of beneficial owners of resident domestic partnerships would not normally be a challenge. In most cases, natural persons are the partners of resident domestic partnerships. Given that there are 428 resident general partnerships and 18 resident limited partnerships engaged in business in Liberia, which invariably requires having a bank account in Liberia, it was felt that in most cases the beneficial ownership information on such resident partnerships would be available in Liberia. However, as discussed later in the section on A.3 “Availability of Banking Information”, keeping such information up-to-date poses problems in relation to the accuracy of such beneficial ownership information.

136. Since all EOI requests received by Liberia during the review period related to offshore entities and arrangements, the non-availability of beneficial ownership information on non-resident domestic general and limited partnerships pose greater risk. Such non-resident partnerships would not have bank accounts in Liberia. The only possibility that such entities’ beneficial ownership information would be available is if the overseas “address of records” with whom LISCR LLC deals for registering them as Liberian non-resident legal entities, require and maintain such information. As has been discussed in paragraphs 105 to 111 above, reliance on AML-obliged persons of other jurisdictions would not be appropriate to ensure the availability of beneficial ownership information for non-resident domestic entities. The Liberian Registered Agent of such non-resident partnerships – the LISCR Trust Company – has only very recently, through the Administrative Regulation No. 47 of Vol. XIX of September 2019 been obliged under AML law. It is now required to maintain beneficial ownership information for partnerships

for which it is acting as Registered Agent. Considering the very recent change introduced in this regard, Liberia is recommended to ensure that the registered agent is indeed complying with the legal requirements in this regard. Furthermore, adequate guidance needs to be issued to the registered agent to ensure that the beneficial ownership information is accurate and up-to-date.

### *Oversight and enforcement*

137. For ensuring the availability of partners' details, the Registrar has the same powers to enforce production of the information as is applicable in the case of corporations and LLCs. Further, for non-maintenance of such information, the same penal sanctions as applicable to corporations, apply to partnerships.

138. The Liberian Authorities informed that the LBR monitors the compliance with the requirements of maintaining identity information by resident partnerships. Such details are required to be filed by the resident domestic partnerships at the time of establishment and any changes must be reported within 30 days to the LBR. Further, annually, business registration needs to be renewed and LBR monitors the changes at the point of such renewal. The LRA also monitors such information during tax audits for resident partnerships.

139. For non-resident partnerships, only the Registrar, through its agent LISCRC LLC, is responsible for oversight and enforcement. However, as noted in the discussion on companies, the Registrar conducted two inspections at two "address of records" in the last two years prior to the onsite visit. The two inspections involved 346 entities. It is not known how many partnerships were covered under the inspection. No sanctions were reported to have been imposed on any non-resident partnerships for non-maintenance of ownership information as the Liberian authorities have informed that non-compliance was not observed. After the onsite visit, Liberia has informed that addresses of record conducted three more inspections as of in April 2019, and six inspections involving 46 entities in August 2019.

140. Overall, Liberia must ensure that the recently introduced obligations of maintaining beneficial ownership information is adhered to by all partnerships and the supervisory authorities supervise and enforce compliance effectively.

### *Availability of partnership information in EOI practice*

141. During the review period, Liberia did not receive any requests for any information pertaining to partnerships.



#### *A.1.4. Trusts*

142. Trusts are recognised under the provisions of different laws in Liberia. The Associations Law of Liberia, Part V, Chapter 50 (referred to as Registered Trust Act) allows for the creation and establishment of trusts. In addition, section 7.12 of the Associations Law grants the right to shareholders to enter into a voting trust agreement wherein they transfer their rights to the trustee. Further, Chapter 5, Section 500 et seq. of the Revenue Code recognises that trusts can exist under the laws of Liberia and are subject to tax. As per the Registered Trust Act, for forming a trust in Liberia, a trust deed must be executed and presented for registration to the Registrar. Certain information must be provided in the application for registration, including the name of the trust, the name of the trustee(s) or where only one trustee is designated, the name and address of the registered agent, the date of creation of the trust, and specimen of the signatory of the trustee is required. Where registration has been undertaken, the trust, acting by its trustee(s) or agent, must file with the Registrar of Deeds annual returns containing certain information.

143. Further, the Revenue Code subjects trusts to taxation. Trusts, if they engage in income generating activities in Liberia, are required to file income tax returns and to provide information and documents relating to the tax returns filed.

144. The 2012 Report had noted that under the Liberian legal system, if on any legal matter, no specific Liberian law is in place, the common laws of the United States and England are deemed Liberian law. Under the US Common law, in order to fulfil a fiduciary duty, a trustee must generally know the identity of any other trustee, the settlor(s) and the beneficiaries (Paragraphs 96-97 and 102 of the 2012 Report). Hence, the Report had concluded that the ownership information required under the EOIR Standard should be available in Liberia. Further, in a case where a Liberian resident was a trustee of a foreign trust and such foreign trust had any Liberian source income, such a foreign trust would be resident for Liberian tax purposes and would be obliged to file tax returns. The 2012 Report had noted that in such circumstances the tax return would be able to gather information on the beneficiaries and trustees of such a trust. Information on settlors would not be available. Applicable sanctions in respect of trusts were discussed in paragraphs 131 and 135 of the 2012 Report. The 2016 Report had noted that in case of foreign trusts, if a Liberian resident was a trustee of such a trust and that trust did not have any business income or activity in Liberia, it may not be possible to have the information on beneficiaries, trustees or settlor(s) of such a trust, as required by the standard. Liberia had been recommended to ensure the availability of information on the settlor or beneficiary of a foreign law trust in all circumstances where the trustee is a resident in Liberia (paragraph 29 of the 2016 Report).

145. Liberia has not amended any of its laws in relation to this in-text recommendation. During the on-site discussions, the Liberian authorities informed that although Liberian law recognises trusts and provides for their creation and establishment, in practice, trusts are rare in Liberia. As per LBR data, only two trusts are registered in Liberia. LISCOR LLC submitted that there were no non-resident trusts registered with them as per its registration data. The data from LRA also did not mention any trust registered as a taxpayer. Although the Liberian law governing trusts does not prohibit trusts holding bank accounts, the representatives from the Liberian Banks Association opined that they had not heard of trusts having bank accounts in Liberia. None of them could recall any trust as a customer. The Bar Association and the notary representatives were not present during the on-site visit, and hence, it could not be confirmed from them whether they had any experience with trusts.

146. Overall, although trusts do not appear to be a common legal arrangement in Liberia, there are no specific requirements in Liberian law that beneficial ownership information on trusts including the identity of the settlor, trustee(s), protector (if any), all of the beneficiaries or class of beneficiaries and any other natural person exercising ultimate effective control over the trust, must be available in all cases. The application of the US common law also does not ensure that all beneficial owners of a trust are identified (i.e. the identity of any other natural person exercising ultimate effective control over the trust through a chain of entities or arrangements).<sup>12</sup> The July 2019 Administrative Regulation requires that beneficial ownership information needs to be maintained for trusts (just like for other legal entities and arrangements). However, there is no clarity on what such information in the context of trusts has to be and who should maintain such information. The standard definition of beneficial owners in the Associations Law needs to be suitably clarified in the context of trusts. It is recommended that Liberia ensures that all identity information on the settlor, the trustee(s), the protector (if any), beneficiary(ies) and any other natural person exercising ultimate effective control over the trust is always available for a trust established under its laws, or administered in Liberia, or of which a trustee is a Liberian resident is always available in line with the standard.

#### *Availability of trust information in practice*

147. During the review period, Liberian authorities did not receive any request for information pertaining to trusts.

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12. This issue has been discussed in paragraph 143 of the Second Round Report for the United States.

### *A.1.5. Foundations*

148. Liberian authorities informed that as of April 2019, Liberia had 11 resident foundations and 4 non-resident private foundations set-up under Chapter 60 of the Associations Law (also referred to as the Private Foundations Law).

149. Private foundations are legal persons. Liberian law requires that for setting up a private foundation, a memorandum of endowment should be filed with the LBR. The 2012 Report had noted that the legal framework in Liberia ensured that ownership and identity information on founders, beneficiaries, secretary, and officers of a private foundation is available in Liberia with the Registrar. The memorandum of endowment must include the name of the foundation, name and address of the founder (where the founder is a legal person, the number and place of registration of the legal person), registered address of the foundation in Liberia and the name and address of the registered agent, the purpose of the foundation, a statement of the assets of the foundation, the designation of a beneficiary or a body by which the beneficiary is to be ascertained, and the name and address of the secretary of the foundation, among other things (Private Foundation law, s. 60.6). A private foundation must have at least three officers whom the donor appoints (Private Foundation Law, s. 60.10). A beneficiary cannot be an officer. The name and address of the officers must also be included at registration.

150. Further, any changes to the information have to be updated with the Registrar. Every foundation must make an annual return to the Registrar on the anniversary of its registration date. The annual return must restate and confirm the information provided in the original application. The foundation itself is also required to maintain such information. Applicable sanctions for foundations were discussed in paragraphs 132 and 133 of the 2012 Report.

151. The standard as strengthened in 2016 requires that beneficial owners of a foundation should also be identified. The Private Foundations Act does not stipulate that beneficial ownership information in relation to the foundation must be maintained. This means that in the case where a legal person is the founder or a beneficiary of the foundation, the Private Foundation Act does not stipulate that the natural person who directly or indirectly controls such legal person, be identified and reported. The information can be available with an AML obliged person in Liberia, but foundations have no obligation to engage with them. As noted earlier, Liberia has brought into force an Administrative Regulation in July 2019 imposing the requirement to hold beneficial ownership information on foundations and private foundations set up under Liberian law. In practice, Liberian authorities have informed that they have conducted supervision of the four non-resident private foundations, all of which are engaged in the management of assets of the foundation and of contribution to the beneficiaries. All four non-resident

foundations have filed attestations with the Registrar that they are maintaining all ownership information including information on founders and beneficiaries of the foundation. Further, Liberia has informed that in view of Administrative Regulation No. 47 of Vol. XIX, going forward, LISCR Trust Company will need to ensure that the non-resident private foundations file all ownership information with it on an annual basis.

### *Availability of information on private foundations in practice*

152. During the review period, Liberian authorities did not receive any request for any information pertaining to private foundations.

## **A.2. Accounting records**

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

153. The 2016 Report had concluded that Liberia has the legal and regulatory framework in place in relation to requiring all relevant entities to maintain accounting records with underlying documentation for at least five years. The Report had nonetheless alluded to a gap in relation to trusts that did not have a tax liability in Liberia. This gap has been addressed by Liberia through an amendment to the BCA in 2018.

154. However, in practice, the supervision of the legal requirements of maintaining accounting information and enforcement of the penal provisions with respect to non-resident domestic entities is inadequate. The issue in this regard is similar to the one identified in relation to enforcement challenges to compel the maintenance of legal and beneficial ownership information. The challenge also exists in respect of entities that cease to exist or are inactive.

155. During the current review period, one peer had sent five requests for accounting information to Liberia. All pertained to non-resident domestic corporations that are not required to maintain their accounting records in Liberia. Out of these, in the first instance, Liberia received request only in relation to one entity and was able to provide the information sought. Liberia requested the peer to resend the remaining four requests, the originals of which it did not receive. In respect of two of them, Liberia provided information available with its Registrar as the requesting peer had requested Liberia not to be in touch with the entities concerned. In respect of the other two requests, Liberia informed the treaty partner that the entities concerned had been dissolved in June 2016, while the requirements of maintaining accounting records had been introduced in April 2016. Accounting records for these entities were not available.

156. The table of recommendations, determination and rating is as follows:

| <b>Legal and Regulatory Framework</b>  |  |  |
|--|--|--|
|  | <b>Underlying Factor</b>   | <b>Recommendations</b>   |
| <b>Deficiencies identified</b>   | There are no obligations under Liberian law that non-resident domestic entities and arrangements must keep their accounting records in Liberia, or have at least one person in Liberia who is in possession of, or has control of, or has the ability to obtain, such information. The registered agent of the non-resident domestic entities does not have control over the accounting records or the legal ability to obtain such information from the non-resident domestic entities for which it acts as an agent.   | Liberia must ensure that accounting information for non-resident domestic entities is available in line with the standard.   |
| <b>Determination: The element is in place, but certain aspects of the legal implementation of the element need improvement</b> |  |  |
| <b>Practical Implementation of the standard</b>  |  |  |
|  | <b>Underlying Factor</b>   | <b>Recommendations</b>   |
| <b>Deficiencies identified</b>   | While all relevant legal entities and arrangements are required to maintain accounting records, there is inadequate supervision and monitoring in relation to compliance with these obligations, particularly for non-resident domestic entities, especially when they are inactive or have ceased to exist. Liberia has very recently started seeking self-attestations from non-resident domestic entities that they are complying with the legal requirements of keeping accounting information. While this is a welcome first step, this supervisory arrangement needs to be suitably expanded and strengthened. | Liberia must ensure that there is adequate supervision and monitoring of the requirements to maintain reliable accounting records with underlying documentation by all relevant entities and arrangements for a minimum of five years. |
| <b>Rating: Partially Compliant</b>   |  |  |

### ***A.2.1. General requirements and A.2.2. Underlying documentation***

157. The 2016 Report had concluded that the legal and regulatory framework to ensure that all relevant entities maintain reliable accounting records with underlying documentation was in place. It had been noted that Liberia had suitably amended the relevant sections of the Associations Law in 2016 to provide for maintenance of up-to-date, reliable and complete accounting records with underlying documentation by all relevant entities.

158. In the case of corporations, section 8.1.1 of the BCA requires that domestic corporations keep reliable and complete accounting records. Accounting records must be sufficient to correctly explain all transactions, enable the financial position of the corporation to be determined with reasonable accuracy at any time, and allow financial statements to be prepared. Further, every domestic corporation (resident and non-resident) is required to keep underlying documentation for its accounts. Section 8.1.5 requires that all records and documentation must be maintained by the corporation for at least five years. Resident domestic corporations are required to keep them in Liberia. However, this requirement to keep accounting records in Liberia does not apply to non-resident domestic corporations. Further, section 8.1.6 of the BCA provides for pecuniary penalties on errant corporations ranging from USD 3 000 to USD 5 000, or revocation of their articles of incorporation or dissolution, or a combination of both if they are found to be knowingly not complying with the requirements for maintaining accounting records and underlying documents. The provisions for keeping accounting records and the associated penalties extend also to foreign corporations authorised to do business in Liberia.

159. The 2016 Report had noted that similar provisions as applicable to corporations had been introduced in relation to LLCs, general and limited partnerships and private foundations. For all these entities, the requirement to maintain such accounting records and underlying documentation in Liberia is applicable only to resident entities and not to non-resident domestic entities.

160. The Report had noted that no changes had been introduced in relation to accounting record keeping requirements of trusts and had recommended that suitable legal provisions may be made in this regard. Since the 2016 Report, Liberia has carried out a further amendment to section 8.1.8 of the Associations Law to require that all domestic and foreign trusts maintain accounting records in the same manner and with similar information that corporations maintain under section 8.1.1 of the Associations Law.

*Tax Law*

161. The 2012 Report had noted that the Liberian Revenue Code makes ample provisions for maintaining reliable accounting records together with underlying documentation by every person with a tax obligation in Liberia (paragraph 138 of the 2012 Report). Further, the Revenue Code requires retaining all books and records for a period of seven years after the end of the tax period to which they relate. The Liberian authorities have informed that at the time of filing tax returns, all large and medium resident taxpayers must submit audited financial accounts to support their income declarations.<sup>13</sup> This is a requirement under Tax Regulations.

162. The Revenue Code provisions for keeping reliable accounting records applies only to resident domestic entities and foreign entities with Liberia sourced income and a tax liability in Liberia. They do not apply to persons that are under no tax obligations in Liberia. Thus, non-resident domestic entities would not be covered by these provisions of accounting records keeping under the Revenue Code.

*Non-resident domestic entities*

163. Non-resident domestic entities are not obliged to maintain their accounting records and underlying documentation in Liberia (unlike resident entities). This is accepted under the standard, as long as a person within the jurisdiction has possession of, or has control of, or has the ability to obtain, such information. In Liberia however, the law does not require at least one director or a managerial person of the non-resident domestic entities to be in Liberia, who has either possession of or control of, or has the ability to obtain, such information. For non-resident domestic entities, only the registered agent, the LISCR Trust Company, is in Liberia. The registered agent under Liberian Law is primarily responsible for the service of process. It is neither required to keep accounting records and underlying documentation with itself, or to have any control of such information held by the non-resident domestic entities. There is nothing in Liberian law that gives any legal ability or power to the registered agent to obtain accounting information from the non-resident domestic entities it represents.

164. Liberia is recommended to ensure that all accounting information for non-resident domestic entities must always be available to the Competent Authority in line with the standard.

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13. Large taxpayers are those with an income of LRD 30 million (USD 154 000) and medium taxpayers are those with an income of LRD 5 million (USD 25 700).

*Inactive companies and companies that ceased to exist*

165. Companies are subject to the requirements to maintain their accounting records for a period of at least five years under the Associations Law. If they have tax obligations in Liberia, they must maintain such records for a period of seven years after the relevant tax period. These obligations continue to apply to inactive companies and those that cease to exist. The Liberian tax authorities informed that generally the tax practitioners of such companies hold on to the records even after the company has ceased activities. This was confirmed during the on-site meetings by the representative of tax practitioners, who added that as a general practice, they do stay in touch with the past directors. Further, for companies under liquidation, the directors acting as trustees, would have possession of past accounting records. However, accounting information of inactive companies or companies that cease to exist would be available only in case of resident domestic entities as the tax law obligations only apply to them.

166. Non-resident companies, if they are inactive or cease to exist, would only be covered by the obligations of record retention under the Associations Law. Liberia has informed that for any Liberian corporation that ceases to exist (resident domestic as well as non-resident domestic), the directors of such a corporation become trustees with respect to the records of the corporation. Liberia has informed that the contact information for the trustees responsible for the winding up of the affairs of a corporation and keeping the records is provided in the Articles of Dissolution maintained in respect of every dissolution. Further, the Associations Law allows the Registrar the authority and ability to request and obtain such information. However, it was not clear that accounting information on non-resident companies that were inactive or had ceased to exist was always available with the Registrar or LISCRC LLC or the registered agent, LISCRC Trust Company, during the review period. For non-resident domestic companies, the directors are also non-residents and even if they are to be considered trustees for the purposes of record retention, it does not appear that Liberia has supervised these specific obligations. The availability of accounting information can be ensured for non-resident companies that cease to exist or are inactive only through effective monitoring and supervision by the Registrar through its agent LISCRC and by ensuring that the records are being suitably maintained over the retention period stipulated by law. The recommendation to this effect is subsumed under the overall recommendation to strengthen the supervision, monitoring and enforcement mechanisms for ensuring the availability of accounting information in all cases (refer paragraph 174).



### *Oversight and enforcement of requirements to maintain accounting records*

167. The 2016 Report had noted that through the amendments made to the Associations Law, Liberia had introduced penalties for non-maintenance of accounting records by all relevant entities. Penalties have also been introduced for not complying with the Registrar’s right to inspection of such records.

168. Under the Revenue Code (s. 55), non-compliance with record keeping provisions attracts penalties amounting to 150% of any underpayment of tax that may have resulted from the lack of adequate recordkeeping. There are provisions for imprisonment as well under certain circumstances. Further, non-co-operation with the tax authorities when requested to produce information attracts civil tax penalty of LRD 50 000 (EUR 222) per day of refusal.

### *Availability of accounting information for EOIR in practice*

169. It is felt that in Liberia’s case, resident entities that are subject to taxation and come under the purview of the Revenue Code are monitored on an on-going basis. Based on the data submitted by the LRA, 213 corporate audits (for large, medium, small and natural resource companies) were completed in 2016-17 and about 364 corporate audits were completed during 2017-18. Audits are conducted using a risk-based approach for selecting cases for audits. Overall filing rate by taxpayers is around 80% (including delayed filings). During audits, tax auditors examine the accounting records and penalties are imposed on a regular basis. Liberia has informed that penalties amounting to USD 15 million were imposed during 2018 and penalties were imposed in almost all cases of audits because the audits had been taken up on the basis of risk of tax evasion and under-reporting of income. Discussions with the tax auditors during the onsite visit suggested that the tax auditors were conversant with the requirements of keeping and submitting audited accounts by taxpayers and routinely verified the accuracy of the same and imposed penalties in most cases.

170. For resident entities, although the LBR is also responsible for ensuring availability of accounting records, it has not been very actively involved in carrying out any separate monitoring or supervision in this regard. Hence, for resident entities, the tax authorities are the primary source of supervision. Resident entities do not appear to pose significant risks on issues of transparency and exchange of information and hence, the existing arrangement should be adequate.

171. However, in relation to the supervision and monitoring of non-resident domestic entities’ obligations under the Liberian law regarding maintenance of

accounting records and underlying documentation, it was noted that supervision was inadequate. This is partly because the requirements are relatively recent (having been introduced from May 2016). However, the greater concern lies with the fact that non-resident domestic entities are not obliged to maintain their accounting records and underlying documentation in Liberia (unlike resident entities). Further, the law does not require at least one director or a managerial person of the non-resident domestic entities to be in Liberia who has either possession of or control of, or has the ability to obtain, such information. For non-resident domestic entities, only the registered agent, LISCRC Trust Company is in Liberia. The registered agent under Liberian Law is primarily for the service of process. Under the Associations Law it is neither required to keep accounting records and underlying documentation with itself, nor does it have any control of such information held by the non-resident domestic entities. Furthermore, under Liberian law, the registered agent cannot be sanctioned for any failure on its part in the performance of its duties as long as its actions are in good faith.

172. Moreover, the supervision of the non-resident domestic entities in relation to their record keeping requirements, although the responsibility of the Registrar, effectively rests with LISCRC. Considering the special arrangement between the Registrar and LISCRC as discussed in paragraphs 103 and following, there are concerns about the effectiveness of enforcement provisions in relation to the non-resident domestic entities, in practice. No statistics of monitoring were provided by LISCRC. Although certain corporate annulments were reported by LISCRC, it was not clear that such actions had been taken on grounds of non-availability of accounting information. LISCRC informed that it has been providing guidance and information to its clients, i.e. the non-resident domestic entities. However, no regular monitoring and enforcement programme is in place. It is not clear whether LISCRC, a private entity, has adequate resources to carry out the required supervision. Very recently, post on-site, the Registrar has sought attestations from some non-resident domestic entities requiring them to attest that they are maintaining all accounting records as required by law. In five cases of non-filing of attestations, the Registrar is considering imposing penalties.

173. All the requests received by Liberia during the review period have pertained to non-resident domestic entities. As noted in paragraph 155, Liberia was able to provide all the accounting information requested by the peer in one case. In two cases, since the treaty partner had requested not to alert the entity, information could not be obtained and exchanged. Further, in two cases, the entities concerned had been dissolved in June 2016, while the requirements to keep accounting information had been introduced only in April 2016. Hence, accounting information was not available in these two cases.

174. The existing supervision and enforcement arrangement poses a material risk that could have a significant impact on EOIR in practice. Liberia is recommended that it ensure that accounting information is always available in relation to the non-resident domestic entities. Further, it is recommended that in respect of non-resident domestic companies that cease to exist, Liberia suitably monitors and ensures the availability of accounting information with a responsible authority or person.

### A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

175. The 2012 Report had concluded that the legal and regulatory framework regarding banking information was in place. The Central Bank of Liberia (CBL) regulates and supervises banks and has issued AML/CFT Regulations 2017, which require maintenance of banking records for at least five years from the date of the transaction. The Regulations also require maintenance of legal and beneficial ownership details of all account holders. Non-resident domestic entities are not barred from having an account in a Liberian bank, but in practice, no non-resident domestic entity has a bank account with a Liberian bank.

176. While the legal and regulatory framework remains in place, there are certain challenges in practice, which would require further work. Ensuring that the information available with the banks is up-to-date was found to be an important problem with no systematic processes in place to regularly update such details. The Central Bank of Liberia may need to issue guidance in this regard and supervise the efforts of banks to keep account holder's information updated. Further, the Central Bank of Liberia may need to issue some guidance on identification of beneficial owners to banks.

177. During the current review period, one peer reported having sent five requests for banking information to Liberia. All pertained to banking information of non-resident domestic entities, while they are not allowed to have bank accounts in Liberia. This was communicated to the peer.

178. The table of recommendations, determination and rating is as follows:

| <b>Legal and Regulatory Framework</b>  |   |   |
|--|---|---|
|  | <b>Underlying Factor</b>  | <b>Recommendations</b>  |
| <b>Deficiencies identified</b>   | While the definition of beneficial owner in AML/CFT Regulations for financial institutions is in line with the standard and bank compliance officers appeared to understand the concept, there is no specific guidance on how to identify beneficial owner of legal entities under the three step approach, or how to identify the natural person exercising control (including control through other means) in the case of legal entities. Further, although the impact may be limited in practice, there is no guidance in respect of trusts or similar legal arrangements, to identify the settlor, trustee(s), protector (if any), beneficiaries and any other natural person exercising ultimate effective control over the trust. | Liberia should ensure that suitable guidance on identifying beneficial owners of legal entities and arrangements is provided to all banks so that beneficial owners are correctly identified. |
|  | Although banks have their own internal policies for customer due diligence and do collect ownership and identity information, there is no guidance on how frequently banks should update legal and beneficial ownership information on account holders and banks update such information on an inconsistent basis.  | Liberia should ensure that banks keep up-to-date legal and beneficial ownership information on all accounts.  |
| <b>Determination: The element is in place, but certain aspects of the legal implementation of the element need improvement</b> |   |   |
| <b>Practical Implementation of the standard</b>  |   |   |
| <b>Rating: Largely Compliant</b>   |   |   |

### ***A.3.1. Record-keeping requirements***

#### *Availability of banking information*

179. Section 39 of the New Financial Institutions Act, 1999 empowers the Central Bank of Liberia to issue regulations for all financial institutions under its supervision. Accordingly, the CBL has issued the AML/CFT Regulations for Financial Institutions 2017, which stipulate Internal Control Obligations. Under Regulation 2.7, Financial Institutions are required to maintain all transaction records for a minimum of five years from the date that the transaction is executed. Further, financial institutions are required to maintain CDD/KYC documents, records, correspondence and files for five years from the date of termination of the relationship with the customer.

180. The compliance officers of eight out of nine domestic banks in Liberia attended the onsite visit. Interactions with them revealed that compliance officers have a good understanding of the obligations to maintain banking information. Banks were aware of their record keeping obligations for both transaction records and CDD/KYC records.

181. Some banks reported difficulties in relation to maintenance and retrieval of old records. This was largely due to past records being maintained manually. Liberia has informed that all banks are now going through the process of automation and all manual records are being converted into electronic records. Liberia should monitor that regardless of how banking information is maintained by individual banks, such information is readily available during the prescribed retention period (see Annex 1).

#### *Beneficial ownership information on account holders*

182. The AML/CFT Regulations of 2017 require that beneficial ownership information on all account holders be available with financial institutions. As per Article 1.3.1 of the Regulations, the term “beneficial owner” means “the natural person(s) who ultimately owns or controls a customer/client or the rights to and/or benefits from assets, including an account or property, as well as the person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement”. Further, Article 3.1.4 of the Regulations notes that where the account holders are legal entities, financial institutions must obtain and maintain documentary records of “all natural persons who serve as directors, founders, those authorised to execute transactions on behalf of the entity, and those who are beneficial owners which own, control or influence the business decisions of the legal entity”. Further, it is required that the corporate name, head office address, documentary proof of official incorporation or similar evidence of legal status and legal form, provisions governing the

authority to bind the legal person, and any additional information and documents necessary to understand the ownership and control of the legal person, are maintained by financial institutions.

183. For the purposes of verification of the information submitted banks rely on the LBR's certification (in case of registered businesses). For individuals, one commonly relied source is cross-confirmation with the National Election Register. For verification of address, banks informed that they often carry out physical verification of the premises communicated to them as the registered address.

184. The Regulations stipulate that where beneficial owners cannot be identified with certainty, the FIs are expected to make a responsible determination as to whether to open or continue the account, or classify the account as a high-risk account. If the account is classified "high-risk", it is subject to enhanced customer due diligence. Enhanced customer due diligence entails obtaining additional documentation concerning customer identity, verification, purpose of the account and nature of transactions, transaction profile and additional documentation to satisfy the financial institution that it understands the source of funds involved in the transactions and in the account; conducting periodic monitoring of transactions and transaction patterns in the account; and documenting the enhanced due diligence procedures applied to the account. Liberian laws do not allow service providers like FIs to rely on CDD previously conducted by a person introducing the customer.

185. Simplified CDD is applied in limited situations where a customer is considered low risk. In most cases, regular or enhanced CDD is carried out. Even where simplified CDD is carried out, customer activities are monitored for any potential future high risks. Banks are required to obtain and maintain identity documents, date and place of birth, address and contact details in all cases. For legal persons, beneficial ownership information must also be obtained and maintained besides corporate name, date and place of incorporation and corporate address. This requirement exists for simplified, regular and enhanced CDD. Under enhanced CDD on high risk customers, additional verification checks, additional documentary requirements for identification, purpose of the account, nature of transactions and additional information on the source of funds is required. Further, high risk customers are required to be monitored on a frequent basis with a focus on transactions and their patterns.

186. In relation to updating the records pertaining to identity and beneficial ownership information, banks informed that they usually update such information based on the risk profile of their customers. Further, information is updated when customers engage in international transfers. However, it appeared from discussions with compliance officers that there were variations across banks in this regard and no binding policy on keeping such information up-to-date existed.

187. Another area that needs improvement is the updating of all information on account-holders. CBL acknowledged that updating of beneficial ownership information is currently ad-hoc and not systematic and periodic. Very often, such information is updated by financial institutions at the point of renewal of an existing banking relationship or at the point of a significant funds transfer. In the case of high-risk customers, banks would be doing such updating on a more frequent basis. However, there was lack of guidance or supervision on ensuring that all beneficial and legal ownership details of account-holders are updated systematically and periodically.

188. Banking officials seemed to understand the meaning of “beneficial owner” well. The assessment team was informed that members of the compliance teams of banks regularly attend trainings and seminars on AML/CFT and are well versed with the importance and the issues of identification of beneficial owners of accounts. While the interpretive note to Recommendation 10 for identification of beneficial owner has not been incorporated into any binding guidance issued by the Central Bank of Liberia, banks were aware that beneficial owner refers to the natural person(s) behind a corporate structure. They were clear that for identification of beneficial owners, they would go beyond all legal ownership layers till they arrived at the natural person with a controlling interest in the legal entity. They were also aware the control could be exercised through other means besides ownership. Compliance officers appeared to share a common understanding of this concept. For deciding the beneficial owner of a legal entity like a corporation, banks typically consider the articles of incorporation of the entity. A corporation must submit this document to the bank at the point of opening a new account or establishing a banking relationship with the bank. In the Liberian context, very often the articles of incorporation contain the details of shareholding pattern together with the ownership details. Besides examination of articles of incorporation, banks also examine the beneficiaries of the transactions entered into by their customers. Banks also place reliance on self-declaration by their customers. All these measures assist them in identifying beneficial owners.

189. Bankers pointed to challenges in carrying out the requisite due diligence in certain cases. Inadequate databases to crosscheck the validity of identity documents was a common problem. In recent times, bankers are increasingly relying on the electoral database shared by the National Election Commission for verifying identities of natural persons. Further, with the introduction of a national identification card in Liberia, bankers are hopeful that verification would be simplified to some extent. The assessment team was informed that while carrying out the CDD/KYC checks banks often physically verify the addresses provided by account holders (especially the legal entities).

190. In some contrast to the confident submissions by bank compliance officers on their understanding of beneficial ownership, conversations with the FIU and the Central Bank of Liberia suggested that “beneficial owner” is still a relatively new concept in the Liberian financial system. Nevertheless, efforts are being made to sensitise banking officials to it.

*Enforcement provisions to ensure the availability of banking information*

191. The AML/CFT Regulations 2017 provide for a range of administrative sanctions upon financial institutions (as entities) as well as individual persons who violate any provisions of the regulation. Sanctions include issuance of warning letters; CBL order to take specified corrective action; administrative penalties including monetary penalties of up to LRD 1 million (EUR 4 500); civil penalties; order to remove employee, officer, director or manager from the position in the financial institution; full or partial suspension of financial activities under the violation or deficiency is rectified; and or permanent revocation of financial licence. Thus, the legal framework does provide for suitable sanctions to ensure the availability of banking information.

192. The CBL has invested time and resources in enhancing the skills of its own supervisory team by sending members of its AML/CFT Unit on various trainings organised by the IMF and Regional Courses on combating AML and CFT.

193. In practice, the CBL indicates that it has been following more of a persuasive and guiding approach towards banks rather than imposing punitive measures. In 2017, CBL had carried out three on-site examinations of banks focusing on AML/CFT compliance. In 2018, another seven on-site examinations of banks on AML/CFT compliance were carried out.<sup>14</sup> These examinations were besides the regular full-scope examinations and spot/target examinations that the CBL carries out as part of its supervisory functions. The CBL has informed that in February 2018, three banks were issued warning letters in relation to shortcomings identified in their AML/CFT compliance. The violations ranged from failure to address critical deficiencies in their AML/CFT compliance programmes as identified by CBL’s AML/CFT risk-based Examination to persistent failure to submit full and accurate AML/CFT data as requested by the CBL. Reports on findings from such examinations have been shared with the banks and banks have been required to follow up with corrective measures in a time-bound manner.

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14. As noted earlier in the Report, there are nine banks in Liberia. The number of inspections is reasonable in this context.



194. CBL pointed out an instance when during supervision it was noticed that a bank's KYC form did not carry the field for obtaining "beneficial ownership" information. The bank was immediately directed to amend its forms, which was promptly complied with.

#### *Availability of bank information in EOI practice*

195. During the on-site visit, it was learnt that Liberian banks typically have domestic resident individuals and domestic resident legal entities (primarily domestic corporations) as their customers. Liberian banks rarely have any non-resident customers.

196. During the current review period, a peer sent five requests for banking information to Liberia. All pertained to banking information of non-resident domestic entities, but as confirmed by the Central Bank of Liberia, in practice, they do not have a bank account in Liberia. Liberia has not exchanged banking information during the period.

#### *Conclusion*

197. Overall, it can be concluded that for resident account holders in the Liberian banking system, banking information is generally available. A formal guidance from the Central Bank of Liberia is not in place and there is no established system to update beneficial ownership information regularly. Updating is ad-hoc and this may impact the availability of up-to-date banking information. In this context, it is recommended that CBL provides necessary guidelines on identifying beneficial owners, and on ensuring that legal and beneficial ownership of account holders is kept up to date.



## Part B: Access to information

198. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

### B.1. Competent authority’s ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

199. The 2012 Report read with the 2016 Report had found that the Liberian Competent Authority (the LRA<sup>15</sup>) had the necessary powers to access banking, ownership and identity information and accounting records. The 2012 Report had noted that Section 55 of the Revenue Code of Liberia grants powers to the Revenue Authorities to “request, demand and collect from any person, natural or legal, within the Republic of Liberia or the head of an agency of the Government, all information necessary to enable the Revenue authorities to effectively carry out their lawful functions”, one of these functions being to answer requests from EOI partners. Section 55, thus, grants wide-ranging powers to the Competent Authority to access all relevant information in Liberia.

200. The 2012 Report had determined that the legal and regulatory framework of Liberia was “in place” although there was some lack of clarity on the issue of professional secrecy in relation to private foundations. This

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15. At the time of the 2012 Report, the Minister of Finance used to be the Liberian Competent Authority. After the setting up of the Liberian Revenue Authority, the Ministry of Finance and Development has designated the LRA as the Liberian Competent Authority. The LRA Act was passed in September 2013 and the LRA was operationalised from July 2014.

was largely due to an “obligation of confidentiality” provision in the Private Foundations Law and the 2012 Report had recommended that Liberia clarify this issue and that the impact of this provision be closely monitored during the next review. Liberia amended the Private Foundations Law in 2016, granting wide-ranging powers to the Registrar to access any information from the foundations, thus allaying the concern raised. In practice, there were no EOIR requests in relation to foundations during the review period.

201. While the 2012 Report had been sanguine about the access to banking information, the on-site meetings revealed that in practice, there is some difference of opinion among different stakeholders about the LRA’s powers to call for information on accounts held with Liberian banks. Despite these differences on interpretation, there are ways in which the Competent Authority would always be able to access information on account holders and banking information. Hence, banking secrecy does not seem to adversely affect the access to information by the Liberian Competent Authority, although Liberia should clarify the powers of the LRA as per the Revenue Code to all relevant stakeholders (see Annex 1).

202. The arrangement in Liberia where non-resident domestic entities are registered and supervised by LISCRC LLC and have their sole presence in Liberia through LISCRC Trust Company, could lead to situations where despite having enforcement provisions in law, sanctions on non-resident domestic entities may not be effective or practicable. Hence, Liberia is recommended to ensure that it is always able to access information in relation to non-resident domestic entities.

203. The table of recommendations, determination and rating is as follows:

| <b>Legal and Regulatory Framework</b>           |   |  |
|---|---|--|
| <b>Determination: The element is in place</b>   |   |  |
| <b>Practical Implementation of the standard</b> |   |  |
|   | <b>Underlying Factor</b>  | <b>Recommendations</b>   |
| <b>Deficiencies identified</b>                  | In relation to the non-resident domestic entities, while there are applicable sanctions for non-compliance with the provision of information, such sanctions are unlikely to be effective since the non-resident domestic entities are not required to have a Liberia resident director or partner or any other liable information holder. The sanction of dissolving/annulling the entity may not be effective as information may not still be obtainable. | Liberia should take measures to ensure that in relation to non-resident domestic entities, the enforcement provisions available are practicable to ensure access to information. |
| <b>Rating: Largely Compliant</b>                |   |  |

### ***B.1.1. Ownership, identity and bank information***

204. The 2012 Report had analysed the procedures applied in the case of obtaining information generally and more specific rules for obtaining banking information. It had found that the legal and regulatory framework for accessing ownership, identity and banking information was in place in Liberia. Generally, the same rules continue to apply.

205. Section 55(d) of the Revenue Code grants the necessary powers to the LRA to obtain any information from any legal or natural person within Liberia, or the head of any Government agency for carrying out its lawful functions. Being the tax authority itself, as the Liberian Competent Authority, it can directly request the relevant information from all relevant entities and arrangements. Furthermore, it can seek necessary information from other Government agencies like the Registrar, the CBL and the FIU.

206. In practice, for resident entities that are taxpayers, LRA would access such information directly if it were available with the tax authorities, or would approach the resident entities to get the required information.

207. For all information on non-resident domestic entities, the LRA relies particularly on LISCR LLC (the Registrar’s agent). The requests received during the review period all pertained to legal and beneficial ownership information, banking information and accounting information of non-resident domestic entities. For answering all the requests, LRA relied on seeking information from LISCR. As has been noted earlier, for two cases, the information could be accessed and provided. For the two other cases, Liberia was of the view that the information could have been obtained only by seeking it from the entity itself, as the information holder. However, the treaty partner had requested not to alert the entity. In the remaining two cases, the entities concerned had been dissolved and the information was not available (refer to discussions under A.1 and A.2).

#### *Accessing banking information*

208. The 2012 Report had noted that the Revenue authorities have wide-ranging powers to access banking information as per Section 55 of the Revenue Code. The 2012 Report had noted that since the Central Bank of Liberia (CBL) is the regulator and supervisor of banks, the Competent Authority would first ask CBL to obtain the information from the relevant bank and the CBL would comply. In case the Central Bank of Liberia does not comply with the request, the Competent Authority (LRA) could seek a court order to obtain this information from the bank. The Report had suggested a closer examination of the issue while examining EOIR in practice.

209. The EOI manual prescribes the procedure of directly writing to the bank based on the powers granted under Section 55 of the Revenue Code. In the absence of compliance by the bank within 15 days, the manual prescribes approaching the court for a subpoena writ directing provision of information by the bank to the Revenue authorities. This procedure, while appearing to be legally appropriate, does not appear to be in consonance with the existing practice and the understanding of the various stakeholders involved.

210. During the on-site, it was observed that Liberian banks do not think they are obliged to respond to requests from the LRA on account-holder information as they are regulated by the CBL regulations in this regard and the CBL regulations do not provide for access to information to the LRA. Legal officers of the banks were categorical that they would decline to provide specific account information sought by the LRA if the request were to be made directly by the LRA to them. Central Bank officials were also of the view that except for the CBL, only the Financial Intelligence Unit (FIU) has the legal powers to seek account information from banks. Otherwise, the LRA may seek a court order directing the bank to provide the said information. This interpretation somewhat contradicts the wide-ranging access powers under Section 55 of the Revenue Code that have been granted to the Revenue authorities to call for any type of information from anyone in Liberia. It appeared that the LRA auditors, during domestic tax audits, do not directly seek account information from banks using the powers under Section 55 but typically seek such information from the taxpayers themselves or get an authorisation from the taxpayers to get the bank account information from the banks. In the absence of co-operation from the taxpayer, Revenue authorities seek a court order directing the bank to provide the information to the LRA. The process of seeking a court order takes a couple of days to a week. Liberian authorities have informed that a recent Supreme Court ruling has concluded that the court can issue an order to the bank to provide the requested banking information without a hearing. Hence, the procedure of the court order does not appear particularly dilatory. Liberia has recently informed that post on-site the LRA, in the course of domestic audits, directly sought information from banks using the provisions of s. 55 of the Revenue Code in five cases and banks complied in four instances. Thus, Liberian authorities are of the view that the LRA is directly able to access banking information as well.

211. Liberian authorities informed that LRA has recently entered into an MoU with the FIU in December 2018, by virtue of which it can directly get all bank information from domestic banks. FIU has the powers to call for any information from any financial institution for the purpose of analysis. FIU is competent to share such information with the LRA. The MoU provides that FIU would obtain and share information with the LRA when LRA requests any information from the FIU for the purposes of exchanging it with foreign countries under signed and ratified international treaties and agreements for

use by the foreign tax authority for audit assessment. This appears to be an alternative to accessing banking information without alerting the taxpayer, but this arrangement is very recent and has not been adequately tested in practice. Liberia should ensure that this arrangement is monitored and works well in practice (see Annex 1).

212. The Competent Authority is not particularly constrained to access such information given the ability to get court orders and also now its special arrangement with the FIU that has access to all banking information. Hence, for the purposes of EOIR, Liberia would be able to access and exchange banking information, unimpeded by banking secrecy constraints. Liberia has recently updated its EOI manual to clearly guide the officials on the exact procedure to be followed for seeking banking information, especially if the account-holders concerned are not to be alerted.

### ***B.1.2. Accounting records***

213. The powers under Section 55(d) of the Revenue Code can be used to obtain accounting information. The Competent Authority seeks accounting records from non-residents entities through LISCR LLC. LISCR approaches the “address of record” who in turn approaches the non-resident domestic entities. If available, the accounting records are provided to the Competent Authority. As discussed below in paragraphs 216 to 221, effectiveness of the enforcement provisions could have a bearing on access to accounting records.

214. For resident entities, the LRA would either have the accounting information available in its database or it would get the accounting records from the resident person itself.

### ***B.1.3. Use of information gathering measures absent domestic tax interest***

215. As noted in the 2012 Report, Liberian authorities are able to access information without regard to domestic tax interest. The LRA can seek any information for performing any “lawful function” assigned to it under the Revenue Code, which provides for carrying out treaty obligations. In practice, the Liberian Competent Authority used its access powers to obtain all requested information without regards to any domestic tax interest. In particular, it accessed information on non-resident companies that are not taxpayers in Liberia, for which the LRA has no tax interest.

#### ***B.1.4. Effective enforcement provisions to compel the production of information***

216. The 2012 Report had concluded that the Liberian Revenue Code provided for adequate penal provisions to enforce the production of information. Section 55(f) of the Revenue Code provide that any person refusing to co-operate with the LRA’s request for records, inspecting the person’s business premises, or examination of records at the business premises could be subjected to a penalty of LRD 50 000 (EUR 222) per day of refusal. Moreover, such non-co-operation can lead to criminal prosecution under the Executive Law of Liberia. Further, Section 55(g) provides for the Revenue authorities’ powers to forcibly enter the premises and seize records (with the assistance from the Ministry of Justice).

217. In addition, through amendments made to the Associations Law in 2016, the Registrar has been empowered to call for any information or inspect any records held by all relevant legal entities and arrangements in Liberia. The provisions provide for penalty of USD 1 000 on the entities for non-compliance with the Registrar’s request as well as being rendered “not in good standing”, a status that would impede access to courts in Liberia. The Registrar has the powers to dissolve non-compliant legal entities. The LRA can therefore ask the Registrar to assist it in accessing information for EOI purposes.

218. In relation to requests pertaining to non-resident domestic entities, the LRA approaches LISCRC LLC through the Registrar for the information if the information is not already available with the Registrar or the Registered Agent.<sup>16</sup> LISCRC LLC then approaches the relevant “address of record” that acts on behalf of the “non-resident entity”. If the information is available, LISCRC obtains the said information and provides it to the LRA. LRA, although it has the powers to directly call for information from the non-resident domestic entities (who are, by virtue of their registration, persons within the Republic of Liberia), cannot, in practice, exercise its powers of enforcement to get the information because the only presence of the non-resident domestic entities in Liberia is the office of the registered agent, LISCRC Trust Company. However, the registered agent has so far served only as a “service of process” and was not obliged to maintain the required information within Liberia. Furthermore, Associations Law explicitly rules out any powers to sanction LISCRC Trust Company as a registered agent for any failure on its part or on the part of the entities for whom it is acting as a registered agent in

16. As noted earlier in the report, LISCRC Trust Company has been explicitly obliged through the Administrative Regulation No. 47 of Vol. XIX (September 2019) to maintain all ownership information from the non-resident domestic entities on whose behalf it is acting as the registered agent.



so far as LISCR Trust Company has been acting in good faith. Only recently, the Administrative Regulation of September 2019 has explicitly required the registered agent to annually obtain and maintain all information on directors, management and ownership from the non-resident domestic entities for which it acts as an agent.

219. The Revenue Authorities can request information directly from the non-resident domestic entities themselves to get the information held by them by using the powers granted under Section 55 of the Revenue Code. However, the problem would essentially be the same, i.e. non-resident domestic entities are not obliged to have any real presence (e.g. by way of a Liberian resident director or a management personnel) in Liberia. The registered agent cannot be sanctioned for non-compliance by the non-resident domestic entities for whom it acts as an agent. Imposing penalties or launching prosecution or getting the Registrar to initiate dissolution of such entities may not ensure compliance from the non-resident domestic entities when requested for information.

220. None of the penalties or enforcement powers available in the Revenue Code or the Associations Law have been tried out during the review period. Further, except for annulment of corporations (as reported by LISCR), there does not seem to be any real enforcement provision available to the Liberian authorities to compel the production of information from all relevant non-resident domestic legal entities and arrangements in Liberia.

221. In view of the above, it is felt that in practice, the enforceability of the access powers of the LRA and the Registrar in relation to the non-resident domestic entities, is not certain despite sanctions available in law. Liberia is recommended to take measures to ensure that in relation to non-resident domestic entities, the enforcement provisions available are practicable and effective to ensure access to information.

### ***B.1.5. Secrecy provisions***

#### *Bank secrecy*

222. The 2012 Report had noted that given the wide-ranging powers of the Revenue Authorities under Section 55 to seek and obtain all information, any common law duty of confidentiality would be over-ridden by the statutory access powers. Thus, the Report had concluded that bank secrecy would not be an impediment for the Liberian Competent Authority to access information.

223. As has been noted in paragraphs 208 to 212, different understandings of the access powers and the ability of banks to share information with Revenue authorities exist among the key stakeholders.

224. Liberia does have statutory rules relating to confidentiality of bank information: a Liberian financial institution is prohibited from revealing any information about a customer's account to a third party, without a court order by virtue of the following: (a) the principle of confidentiality that is attached to customers' accounts; and (b) the possible liability to the financial institution if information pertaining to customers' accounts is reveal to third parties.

225. Section 35(1) of the NFI Act provides that no authority is vested into any person to inquire into the affairs of any individual customer of a Liberian financial institution except the CBL. Section 35(2) of the FIA also provides that the CBL shall not, unless required to do so by law or by a court of law, reveal to any person any information as to the affairs of any individual customer of a financial institution obtained in the exercise of its regulatory jurisdiction.

226. Nevertheless, as noted in the discussion on access to banking information, Liberian Competent Authority would be in a position to access banking information on accounts and exchange the same for the purposes of EOIR. It could do so either by going directly to the taxpayer for banking information, getting the taxpayer's authorisation to obtain the banking information directly from the banks, through a court order, or getting the information through the FIU.

227. During the review period, while there were requests for banking information on non-resident domestic entities, there were no EOI requests on banking information of account-holders with Liberian banks. Hence, bank secrecy provisions' impact on EOIR in practice could not be ascertained. Nevertheless, based on discussions with the Liberian authorities and other stakeholders, bank secrecy provisions would not be an impediment to accessing and exchanging banking information on account holders in Liberia.

### *Professional secrecy*

228. The 2012 Report had raised one concern in relation to the "Obligation of Confidentiality" under section 60.62 of the Private Foundations Act (Chapter 60 of the Associations Law). Section 60.62(4) of the Act stipulated that "No person employed in carrying out the Act shall be required to produce in court or before any authority or person for any purpose whatsoever any document made in pursuance of this Law or to divulge or communicate to any court any matter or thing coming to his notice in the performance of his duties under this Law". The only exceptions to this provision were if the information was necessary to carry out the provisions of the Private Foundations Act, for a criminal proceeding, or if it were required by the provisions of the AML Law; i.e. there was no exception in favour of the competent authority. In this context, the 2012 Report had observed that if this provision were to be applicable

to the officers of the foundation, there could be an issue on access to the information held by Private Foundations. In view of this, a recommendation to clarify the provisions of this law had been made in the Report.

229. Liberia has amended the Private Foundations Act since the 2012 Report. Earlier, there were no provisions for the Registrar to inspect and call for any other information from the Private Foundations. However, in 2016, by way of section 60.42.4, the Registrar has been given wide-ranging powers to call for any records of officers, beneficiary information and books of accounts as the Registrar shall deem necessary. Any failure to respond to the request from the Registrar would render the foundation to be liable to a fine of USD 1 000 and also to be held to be “not in good standing” until it complies with the Registrar’s request. Furthermore, a continued failure to comply with the Registrar’s request may expose the foundation to dissolution.

230. Now that the Registrar’s right to call for any information from the foundations is part of the Private Foundations Law, it would fall under the exception to the confidentiality provision of section 60.62.4. This essentially means that if the Liberian Competent Authority were to seek information from a Private Foundation, its officers cannot seek protection of the “Obligation of Confidentiality” as the LRA can access the same information through the Registrar as well (which in any case, would be the usual practice for LRA). The Registrar, in administration of its right to inspect and call for any information under section 60.42.4, can get the required information.

231. In practice, during the peer review period, Liberia did not get any requests related to information on private foundations. Considering that there are only 11 resident domestic foundations and 4 non-resident domestic private foundations, there does not seem to be a significant concern, as of now, about the Liberian authorities’ ability to access information in relation to the foundations. Liberia has assured that there would be no problems in accessing information pertaining to foundations in practice due to any obligations of professional secrecy. Liberia should monitor the ability of the Liberian authorities to access information from foundations (see Annex 1).

## B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

232. The 2012 Report had found that there are no notification requirements in Liberia. The rights and safeguards that apply to persons in Liberia were found to be compatible with effective exchange of information. The element B.2 had been found to be in place.

233. The LRA is not under any notification obligations. However, in practice, since most of the updated legal and beneficial ownership and accounting information is available only with the entities themselves under Liberian laws, there could be situations where the entities are alerted to the possibility of an EOI request (unless the requesting jurisdiction has explicitly requested the Liberian CA not to approach the entities for information) although the LRA confirmed that it would not mention that the information sought is for EOI purposes while seeking information from the information holder.

234. All legal and natural persons have a right to appeal against any decision of the LRA, including to share information. An appeal against sharing information could arise if the person concerned knows or suspects that the information sought is for the purposes of an EOI request. In such a case, first appeal would be to the LRA itself. Next, an appeal can be filed before the Board of Tax Appeal, followed by the Tax Court and finally to the Supreme Court. A person has 30 days to file appeal with the Tax Court against the decision of the Board of Tax Appeal and 60 days to file an appeal before the Supreme Court against the decision of the Tax Court. The Liberian authorities have informed that in case of an appeal, the exchange of information may have to be stayed pending the disposal of the appeal. However, there have been no instances of any such appeal in the past. Moreover, in case of non-compliance by the entities, penal provisions of section 55(f) of the Revenue Code would continue to apply. Liberian authorities have confirmed that they will seek the permission of the treaty partner while providing details relevant to the EOI request, including the Competent Authority letter, in case requested by the court. However, in practice, Liberia has not faced any such challenge yet and the applicability of appeal rights in the EOI context is untested.

235. During the review period, there was no instance of any delay on account of any rights or safeguards of the taxpayers standing in the way of exchange of information. However, the experience has been fairly limited during the peer review period as it essentially involved only two requests where information was requested from the entities.

236. The table of recommendations, determination and rating is as follows:

|   |
|---|
| <b>Legal and Regulatory Framework</b>           |
| <b>Determination: The element is in place</b>   |
| <b>Practical Implementation of the standard</b> |
| <b>Rating: Compliant</b>                        |

## Part C: Exchanging information

237. Sections C.1 to C.5 evaluate the effectiveness of Liberia’s network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Liberia’s relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Liberia’s network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Liberia can provide the information requested in an effective manner.

### C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

238. The 2012 Report had concluded that Liberia’s network of EOI mechanisms was in place and the EOI mechanisms provided for exchange of all foreseeably relevant information in respect of all persons. Liberia had TIEAs with 15 jurisdictions and 1 DTC.

239. Since 2012, Liberia signed a TIEA with Poland in 2013 and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Multilateral Convention) on 11 June 2018. Both are in the process of ratification by the Liberian legislature. Liberia is recommended to bring the Multilateral Convention into force.

240. The table of recommendations, determination and rating is as follows:

| Legal and Regulatory Framework   |  |  |
|--|--|--|
|  | Underlying Factor  | Recommendations  |
| <b>Deficiencies identified</b>   | Although Liberia has signed the Multilateral Convention on Mutual Administrative Assistance in June 2018, the same has not yet been ratified and put into force. | Liberia must bring the Multilateral Convention into force expeditiously. |
| <b>Determination: The element is in place but certain aspects need improvement</b> |  |  |

|   |
|---|
| <b>Practical Implementation of the standard</b> |
| <b>Rating: Largely Compliant</b>                |

***C.1.1. Foreseeably relevant standard***

241. Exchange of information mechanisms should allow for exchange of information on request where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction. The Multilateral Convention and Liberia’s TIEAs provide for the exchange of information that is “foreseeably relevant” to the administration and enforcement of the domestic laws of the Contracting Parties concerning taxes covered in the agreement.

242. Liberia indicated that, when applying the foreseeable relevant standard, it looks out for certain information in the request, like identity of the person who is the object of a request, background of the request, whether the request is relevant to the tax affairs of the person who is the object of the request and the purpose of the request. Liberia does not have a template for incoming requests. They accept requests in the form the requesting party may decide. Liberia’s EOI manual has recently been updated to explicitly provide guidance on establishing the foreseeable relevance of a request. It encourages the EOI request handler to reach out to the requesting jurisdiction in case there is any confusion about the request or if further information is needed before processing the request.

243. In practice, Liberia did not refuse to answer any EOI requests on the basis that the request lacked foreseeable relevance and there were no cases where it requested clarification on belief that the request was overly broad or vague, as confirmed by peers.

*Group requests*

244. Liberia has never received a group request. However, Liberia has informed that it will seek to address all group requests as long as they meet the foreseeably relevant standard. Liberia’s EOI manual has been recently updated to contain guidance on handling group requests as per the OECD Commentary on Article 26.

***C.1.2. and C.1.3. Provide for exchange of information in respect of all persons and all types of information***

245. For exchange of information to be effective, it should not be restricted by the residence or nationality of the person to whom the information relates or of the person in possession or control of the information requested.

246. The Multilateral Convention and Liberia’s TIEAs provide for EOI in respect of all persons and all types of information. However, the DTC with Germany does not provide for EOI on persons who are not residents in one of the contracting states. Since the treaty was signed prior to 1997 when the personal scope provision was added to the OECD MTC, the treaty needs to be updated. Liberia has informed that recently, in November 2019, it has reached out to Germany to renegotiate the DTC. Liberia should actively communicate with Germany to bring the EOIR article in line with the standard (see Annex 1). This issue will be resolved once the Multilateral Convention enters into force in Liberia.

247. In practice, Liberia was asked information on Liberian entities only. Liberia was able to share all types of information requested by the peers.

#### ***C.1.4. Absence of domestic tax interest***

248. The Multilateral Convention and all the TIEAs concluded by Liberia provide that information requested should be exchanged notwithstanding that the requested party may not need the information for its own tax purposes. Liberia’s DTC with Germany does not include a paragraph equivalent to Article 26(4) of the Model DTC. However, neither Germany nor Liberia have a domestic tax interest requirement to access information in their domestic laws. Hence, the treaty is not limited by a domestic tax interest requirement.

249. Peers have not raised any issues in practice in this regard. The requests that Liberia processed pertained to non-resident domestic entities, none of which paid any taxes in Liberia and so there was no domestic tax interest involved. Nevertheless, Liberian authorities used their information gathering powers to obtain and exchange information in such cases.

#### ***C.1.5. and C.1.6. Exchange information relating to both civil and criminal tax matter and Absence of dual criminality principles***

250. Liberia’s network of agreements provide for exchange in both civil and criminal matters. In practice, no issues arose in this regard. Liberia has confirmed that it is not constrained in any way in exchanging information on request, whether the request pertains to civil or criminal tax matters. Liberia added that it is not constrained to exchange information on grounds of dual criminality.

#### ***C.1.7. Provide information in specific form requested***

251. All of Liberia’s TIEAs include Article 5(3) of the Model TIEA, which requires that if requested by the partner jurisdiction’s Competent Authority, Liberia would provide information in the form of depositions of witnesses

and authenticated copies of original records, to the extent allowable under its domestic laws. Nothing in Liberia’s domestic laws prevents the provision of information in this form as confirmed by the authorities, but they have not received any special request.

***C.1.8. and C.1.9. Signed agreements should be in force and be given effect through domestic law***

252. The 2012 Report had observed that Liberia had taken the necessary steps to bring all its TIEAs into force and had notified its partners accordingly. The TIEAs were to enter into force once Liberia received notification that its counterparts had completed the respective steps of ratification in their jurisdictions.

253. Today, two TIEAs are not in force. First, having ratified its agreement with Portugal, Liberia is awaiting notification from this jurisdiction. Second, the TIEA with Poland was signed in 2013 and is still pending ratification. Liberia should make efforts to ensure that its agreement with Poland is ratified and enters into force (see Annex 1). Furthermore, Liberia has signed the Multilateral Convention in June 2018 but the same is yet to be ratified by the legislature. Once the Multilateral Convention enters into force, Liberia will have an EOI instrument in place with Poland.

254. The Multilateral Convention was signed in June 2018 by Liberia and is pending ratification by the Parliament. Liberia has indicated that ordinarily this would have been done within six months. However, due to elections and change in government, there has been some delay in the procedure. Liberia has assured that the Multilateral Convention will be given effect through domestic law at the earliest. Liberia is recommended to bring the Multilateral Convention into force at the earliest.

**EOI mechanisms**

|  |            |
|--|------------|
| Total EOI relationships, <b>including</b> bilateral and multilateral or regional mechanisms                    | <b>134</b> |
| <b>In force</b>  | <b>15</b>  |
| In line with the standard  | 14         |
| Not in line with the standard  | 1          |
| <b>Signed but not in force</b>   | <b>119</b> |
| In line with the standard  | 119        |
| Not in line with the standard  | 0          |
| Among which – Bilateral mechanisms (DTCs/TIEAs) <b>not complemented</b> by multilateral or regional mechanisms | <b>0</b>   |



255. Liberia has in place the legal and regulatory framework to give effect to its EOI mechanisms. No issues arose in practice.

## C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange mechanisms should cover all relevant partners.

256. The 2012 Report read with the 2016 Report had found that element C.2 was in place in Liberia. Liberia had EOI relationships with 17 jurisdictions.

257. Since then, Liberia had been reaching out to all jurisdictions it considers relevant, for agreements. Liberia started negotiating with Nigeria, Seychelles and British Virgin Islands to entering into TIEA agreements prior to signing the Multilateral Convention. Liberia signed the Multilateral Convention on 11 June 2018, bringing the total number of partners to 134. Consequently, Liberia informed these three jurisdictions that individual TIEAs would no longer be required.

258. No peer reported that Liberia had declined to enter into an EOI instrument. Liberia should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex I). The table of determination and rating is as follows:

| Legal and Regulatory Framework                |
|---|
| <b>Determination: The element is in place</b> |
| Practical Implementation of the standard      |
| <b>Rating: Compliant</b>                      |

## C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

259. The 2012 Report read with the 2016 Report had concluded that the applicable treaty provisions and statutory rules that apply to officials with access to treaty information regarding confidentiality were in accordance with the standard.

260. Since then, there have been no changes in the law to affect the determination. In practice, none of the peers raised any concerns about confidentiality. The EOI manual emphasises the importance of confidentiality and several measures are in place to ensure confidentiality of requests received

and information exchanged. However, the EOI officer has shared the request letters from the requesting jurisdictions with a non-tax government official instead of seeking specific information from the government authority concerned. This lapse in maintaining strict confidentiality was inadvertent and the authorities have assured not to repeat the mistake in future. However, this indicates a lack of clarity on the importance and extent of confidentiality that EOI officials must maintain to comply with the standard effectively. Liberia has updated its EOI manual to emphasise the importance of confidentiality in this regard so that no information (including CA request letters) received from any requesting jurisdiction are shared with any non-tax authority or third party.

261. The table of recommendations, determination and rating is as follows:

| <b>Legal and Regulatory Framework</b>           |  |  |
|---|--|--|
| <b>Determination: The element is in place</b>   |  |  |
| <b>Practical Implementation of the standard</b> |  |  |
|   | <b>Underlying Factor</b>   | <b>Recommendations</b>   |
| <b>Deficiencies identified</b>                  | It has happened on multiple occasions that the Liberian Competent Authority shared the full request with a non-tax Government Authority for obtaining information. The Liberian Authorities have taken note of this and have confirmed that the EOI manual has been updated to address this issue and necessary measures are being taken to ensure this does not happen in future. | Liberian Authorities should ensure that the revised EOI manual emphasising that the requests are not to be shared in full with non-tax authorities is fully implemented to ensure compliance with effective exchange of information in practice. |
| <b>Rating: Partially Compliant</b>              |  |  |

### ***C.3.1. Information received: disclosure, use and safeguards***

262. All of Liberia's treaties contain confidentiality provisions, including limitations on disclosure of information received and use of the information exchanged, modelled on Article 26(2) of the OECD MTC and Article 8 of the OECD Model TIEA. Further, Liberia's domestic laws, like section 54 of the Revenue Code and section 83 of the Executive Law, provide strict confidentiality provisions and stipulate punishments for any person found breaching the confidentiality pertaining to taxation matters. Hence, the 2012 Report had determined that confidentiality provisions were in place in Liberia's legal and regulatory framework.

263. Liberia's TIEAs and the Multilateral Convention provide that information exchanged cannot be used for purposes other than tax purposes, except where the authority supplying the information authorises its use for other purposes, where tax information may be used for other purposes in accordance with their respective tax laws. In the period under review, Liberia reported that there were no requests wherein the requesting partner sought Liberia's consent to utilise the information for non-tax purposes and similarly Liberia did not request its partners to use information received for non-tax purposes.

264. In addition to legislation, Liberia takes practical measures to ensure the confidentiality of the information received and of domestic information. Liberian authorities explained that due diligence is carried out during the hiring process. During training of all new staff, confidentiality and data safeguards are duly emphasised.

265. The EOI unit office can be accessed by authorised personnel only through biometric checks. The EOI unit maintains a clean desk policy. All EOI related documents that are not required are shredded. All physical case files pertaining to EOI are kept in secured filing cabinets. All incoming and outgoing EOI documents are duly encrypted when transmitted electronically. Information received in response to an outbound request is communicated with a "confidential" stamp on the cover page. Tax auditors have been sensitised towards the confidential nature of the information received and have been advised not to share this information with any other agency without seeking advice from the Competent Authority. This guidance is provided in the EOI manual as well. All these submissions from the Liberian authorities were verified during the on-site visit.

### ***C.3.2. Confidentiality of other information***

266. The 2012 Report had noted that Liberia's EOI agreements and domestic law do not draw a distinction between information received in response to requests and information forming part of the requests themselves. As such, confidentiality provisions in domestic law and the EOI agreements apply to all requests, and any other documents reflecting such information, including communications between the requesting and requested jurisdictions and communications within the authorities of Liberia and its treaty partners.

267. In practice, the Liberian authorities made a mistake in handling incoming EOI requests pertaining to non-resident domestic entities. Since all the information for non-resident domestic entities would have to be sought from the entities themselves through the Registrar and LISCR LLC, the Liberian EOI request handler had shared the entire request with a colleague from the office of the Liberian Maritime Authority (representing the Registrar in Liberia for non-resident domestic entities), instead of asking for

specific information without disclosing any other details about the request or the requesting jurisdiction. During the on-site visit, this issue was examined closely and officials involved were duly asked specific questions on how exactly the information had been sought from LISCR LLC. Liberia had confirmed that the incoming request had been forwarded by the EOI staff to the Registrar for seeking the information from LISCR LLC. Although the EOI manual mentions the confidentiality pertaining to the request letters received from the requesting jurisdiction, in practice there was a systematic lapse on the part of the EOI unit in this regard. Liberia explained that the colleague from the Liberian Maritime Authority representing the Registrar was de facto part of the EOI team as almost all information pertaining to non-resident domestic entities needed to be requested through them to LISCR LLC, who would then approach the non-resident domestic entities for the required information. The Liberian authorities indicated that in the process of seeking information from LISCR LLC, only the list of required information was communicated to LISCR and no reasons for seeking the said information were given, thus no information was unduly passed to non-governmental persons. However, the fact remained that on more than one occasion the request letters were shared with non-tax authorities (there are no decree or other legal provision indicating that the Registrar would be part of the EOI team). There appeared to be a lack of understanding about the importance of maintaining strict confidentiality in relation to all aspects of an EOI request. The Liberian authorities have confirmed that since this issue was pointed out during the onsite visit, the request letters have been retrieved from the official at the Liberian Maritime Authority and the EOI unit has been sensitised on the issue once again. No sanctions were applied for this breach as it was a systematic procedural breach and not specific to an isolated case.

268. More recently, in its submissions, Liberian authorities have submitted that there had been no lapse in confidentiality as only that part of the incoming request had been shared with LISCR LLC where the specific information was requested. The authorities stated that the entire letter from the treaty partner had not been shared with LISCR LLC while requesting information. Under the Liberian system, where the Registrar is stationed at the LISCR office, it is very difficult to isolate the Registrar from LISCR. Moreover, the fact remains that the letters were shared with a non-tax authority. Be as it may, there remain concerns about the overall understanding about the importance of confidentiality in practice during the peer review period. Liberia has informed that it has updated its EOI manual to emphasise the importance of confidentiality.

269. It is recommended that Liberia ensure that, where necessary to collect the requested information, only the minimum information contained in a competent authority letter (but not the letter itself) be disclosed to another authority or information holder. Liberia must monitor the implementation of

the revised EOI manual emphasising that the requests are not to be shared in full with non-tax authorities, to ensure compliance with effective exchange of information in practice.

#### C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

270. The 2012 Report concluded that the rights and safeguards of taxpayers and third parties in Liberia’s EOI instruments were consistent with the international standard. Liberia’s EOI instruments ensure that the parties are not obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret or information which is the subject of professional privilege or information the disclosure of which would be contrary to public policy.

271. In practice, Liberia did not decline any requests or face any difficulties in responding to requests on grounds of these rights and safeguards.

272. The table of recommendations, determination and rating is as follows:

|   |
|---|
| <b>Legal and Regulatory Framework</b>           |
| <b>Determination: The element is in place</b>   |
| <b>Practical Implementation of the standard</b> |
| <b>Rating: Compliant</b>                        |

#### C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

273. The 2012 Report and the 2016 Report had analysed the legal and regulatory framework of Liberia. Since element C.5 primarily involves issues of practice, it had not been evaluated and the present report thus evaluates EOI practice for the first time.

274. Liberia has put in place a centralised EOI unit to handle requests for information from and to treaty partners. An EOI manual laying down the detailed procedure for handling EOI requests is in place. Having signed the Multilateral Convention and awaiting its ratification, Liberia is expecting an increase in both incoming as well as outgoing requests. Hence, Liberia is seeking to increase the staff and resources deployed for EOI.

275. During the peer review period, Liberia’s experience in exchanging information has been limited. It responded to only two requests and sought information in three cases. For the requests that Liberia responded to, information was provided in 60 days and 93 days as per Liberia’s records, although the peers have reported receiving the responses after about 120 days in both cases without receiving any status updates. Liberia’s EOI manual does note that status updates should be given in all cases where a response could not be provided within 90 days. The EOI staff was aware of this requirement. Liberia should monitor the time taken while answering requests and provide status update if a request cannot be answered within 90 days (see Annex 1). For the requests that were answered, the peers were satisfied with the information received. However, there were an additional four requests which one of the peers reported to have sent to Liberia, but which were not received and recorded by Liberia. Liberia made efforts to reach out to its treaty partner and respond to these four requests during the course of the present assessment by providing the available information within 90 days. Liberia maintained constant communication with the treaty partner in respect of these four requests.

276. As has been noted in C.3, the procedure followed in responding to the requests involved sharing of the entire request letters with non-tax authorities. Liberia has assured that it has rectified its internal procedure in this regard and going forward only specific information will be shared when seeking information from other government agencies.

277. The table of recommendations and rating is as follows:

| <b>Legal and Regulatory Framework</b>   |   |   |
|---|---|---|
| <b>This element involves issues of practice. Accordingly, no determination has been made.</b> |   |   |
| <b>Practical Implementation of the standard</b>   |   |   |
|   | <b>Underlying Factor</b>  | <b>Recommendations</b>  |
| <b>Deficiencies identified in the implementation of EOIR in practice</b>                      | Liberia has put in place a dedicated centralised EOI unit and has published an EOI manual. However, Liberia’s experience with EOIR is still very limited. There were instances of non-receipt of four requests which had to be resent by the treaty partner. There were certain errors in handling the requests (as reflected in C.3) indicating the need to ensure that the EOI staff is fully conversant with the requirements of the standard. | Liberia must continue to streamline its internal processes, ensure that all staff involved has a clear understanding of the confidentiality requirements and the EOIR standard, and continue to work in close co-ordination with its treaty partners. |
| <b>Rating: Largely Compliant</b>  |   |   |

### *C.5.1. Timeliness of responses to requests for information*

278. Over the period under review, from 1 April 2015 to 31 March 2018, Liberia's peers reported having sent six EOI requests to Liberia. However, Liberia reported having received two requests for information.<sup>17</sup> The information requested in these two requests related to (i) ownership information (2 cases), (ii) accounting information (1 case), (iii) banking information (1 case) and (iv) other types of information (2 cases). Both requests pertained to non-resident corporations.

279. Liberia's EOI partners during the review period were India and France. While France reported sending one request to Liberia, India reported having sent five during the review period. Since during the review period, Liberia received only two requests, it provided the information in these two cases. Both jurisdictions were satisfied with the information received in the cases where the information was provided by Liberia during the review period. Both also noted that it was easy to contact the Liberian Competent Authority and Liberia had been co-operative.

280. There was some discrepancy in the time for responding to the requests as recorded by Liberia and the peers. While Liberia informed that in both cases, it had responded to the requests within 90 days, the peers reported that they had received the responses within 180 days. On further examination, the peers indicated having received the responses within a period of about 120 days. Since the peers had not received the responses within 90 days, they reported not having received the due status updates. However, Liberia's contention was that since it answered both requests within 90 days, there was no need for any other status update. In general, Liberia has a policy of providing status updates in those cases where it has been unable to provide a response within 90 days. The requests were answered by post, so postal delays cannot be ruled out.

281. The four requests that Liberia had not received in the first instance all involved ownership, accounting, banking and other type of information. Liberia requested the treaty partner to resend the requests during the course of this assessment and responded within 90 days by providing the information that was available with its Registrar (through its agent LISCOR LLC) without going to the entities concerned. In respect of two requests, Liberia has informed that the complete information could have been obtained only from the relevant entities. However, the treaty partner, in its requests had requested that the entities should not be alerted about the requests. In respect of the other two requests, Liberia has informed the treaty partner that the

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17. Liberia counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about four persons in one request, Liberia counts it as one request.

entities concerned had been dissolved in June 2016. The requirements for maintaining accounting information had been introduced into Liberian law only from April 2016. Further, the requirements for having beneficial ownership information were introduced from May 2018. Hence, in respect of these entities, beneficial ownership information and accounting information were not available. Further, since both entities were non-resident domestic entities, their tax information and banking information was not available as such information would have been available with the entities themselves. These issues have been discussed and highlighted in the discussion under A.1 and A.2 and have had an impact on the ratings of these elements.

### ***C.5.2. Organisational processes and resources***

#### *Organisation of the competent authority*

282. In Liberia, the exchange of information function under DTCs, TIEAs and the Multilateral Convention (which is pending ratification) is centralised in the Exchange of Information (EOI) unit, which is part of the Department of Domestic Tax at the Liberian Revenue Authority. The operational needs of the unit are met through the Department's budget. The Commissioner of Domestic Tax and the Head of the EOI Unit are the Competent Authorities for EOI purposes. All necessary contacts are published in the OECD Global Forum secure Competent Authority Database.

283. The EOI Unit is managed by a well-qualified staff under the supervision of the Commissioner of Domestic Tax. There are plans to expand the unit soon in anticipation of increased workload once the Multilateral Convention is ratified: the EOI network of Liberia will expand substantially and the authorities anticipate an increase in the number of incoming as well as outgoing requests.

284. A cross-section of staff has been trained by the EOI Unit to sensitise them to the various aspects of handling requests for information received from the EOI unit. Further, tax auditors have also been trained for making requests to treaty partners. The EOI manager has also undergone a few international trainings conducted by the Global Forum and other international bodies. The EOI staff has been suitably trained to handle all EOI requests from the time of receipt to the time the findings are dispatched. The EOI Manual explains how EOI requests should be handled.

#### *Competent authority's handling of the incoming requests*

285. An EOI request first comes to the Commissioner of Domestic Tax and is delivered to the EOI Unit on the day of receipt. The EOI Unit logs it and opens a case file. The request is examined by the EOI manager and checked



to ascertain that it is covered by an international EOI instrument, signed by a competent authority, and deals with periods and taxes that are covered by the instrument. If the information provided in the request is insufficient to process the case, then, depending on the circumstances, the Liberian Competent Authority will send a letter asking the requesting jurisdiction for more details. If the requesting jurisdiction fails to provide additional information or the information provided is still not enough, the request for information is returned, explaining the reasons for declining the request. This situation has not happened in practice.

286. If the EOI request is accepted, it is sent to the relevant tax department within LRA that is responsible for having the relevant information within LRA – this has not happened to date. In cases where the information requested is held by another government agency, a communication along with the request is sent to that agency. Liberia has informed that in the past, it has sent the entire request to the point of contact in the relevant government agency/department. Henceforth, Liberia has amended its procedures to ensure that only the specific information on a person needed to answer the incoming request will be communicated and the entire request letter or any part of it will not be forwarded to any non-tax authority (see C.3 above).

287. As per the procedure laid down in the EOI manual, Liberian authorities are expected to issue a status update to the requesting jurisdiction within 90 days of receipt of the request. Liberia would issue an update if no information is available, give an interim reply if some information is available, or send a final reply if all information is available. Update/interim replies must be issued every 90 days until final reply is issued. In the case where the information is held by the tax authority itself or by a Liberian bank or by another government authority, a reply should be sent within 90 days. If the information is held by a third party such as a service provider, a reply is expected to be sent within 180 days. Before sending the reply, the EOI Unit ensures that the information received is in sync with the request made. All requests received are entered into an Access database and the dates of receipt of request, seeking information from the relevant information holder, providing status updates and final replies are duly recorded.

### *Outgoing requests*

288. Liberia has sent three requests to its treaty partners during the review period. When auditors during an audit investigation identify a need to get information from abroad, they approach the EOI Unit and a conversation is held surrounding the needed information. If everything is in place, a template is forwarded to the auditor to prepare the request. The EOI Unit then checks the request to ensure that it meets the requirements of “foreseeable relevance”. The request is signed by the Competent Authority, encrypted

and sent by email to the competent authority of the treaty partner. In order to measure the impact of EOI on domestic resource mobilisation, the EOI Unit requests feedbacks from requesting divisions on how the EOI findings were of help and what are the tax claims as a result of the request. Liberia's EOI manual explains the administrative procedures for processing outgoing requests and the kind of information that must be included in the requests. The auditors and staff sending out EOI requests were trained by the Global Forum at a post review training.

289. In one outgoing request, Liberia informed that the requested jurisdiction asked for additional supporting documents. Liberia informed that it has an internal timeline of two weeks to respond to requests for clarification from peers to whom an EOI request has been made. None of the peers provided adverse inputs in relation to the requests sent by Liberia.

### ***C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI***

290. There are no factors or issues identified that could unreasonably, disproportionately or unduly restrict effective EOI in the case of Liberia.

## Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.3:** Some banks reported difficulties maintaining and retrieving old records, largely due to (past) records being maintained manually. Liberia should monitor that regardless of how banking information is maintained by individual banks, such information is readily available during the prescribed retention period. (see paragraph 181)
- **Element B.1.1:** Liberia should clarify to all relevant stakeholders the powers of the Revenue Authorities to seek all banking information on all accounts from Liberian banks as granted under Section 55(d)(1) of the Revenue Code. (see paragraph 201)
- **Element B.1.1:** Liberia should ensure that LRA's arrangement for accessing banking information through its MoU with FIU is effective and works in practice. (see paragraph 211)
- **Element B.1.5:** Liberia should monitor the ability of the Liberian authorities to access information from foundations. (see paragraph 232)
- **Element C.1.2:** Liberia has informed that recently, in November 2019, it has reached out to Germany to renegotiate the DTC. Liberia should actively communicate with Germany to bring the EOIR article in line with the standard. (see paragraph 246)
- **Element C.1.8:** Liberia should make efforts to ensure that its agreement with Poland is ratified and enters into force. (see paragraph 253)

- **Element C.2:** Liberia should continue to conclude EOI agreements with any new relevant partner who would so require. (see paragraph 258)
- **Element C.5:** Liberia should monitor the time taken while answering requests and provide status update if a request cannot be answered within 90 days. (see paragraph 276)

## Annex 2: List of Liberia’s EOI mechanisms

### Bilateral international agreements for the exchange of information

|    | EOI partner    | Type of agreement | Signature   | Entry into force |
|----|----------------|-------------------|-------------|------------------|
| 1  | Australia      | TIEA              | 11-Aug-2011 | 23-May-2012      |
| 2  | Denmark        | TIEA              | 10-Nov-2010 | 18-May-2012      |
| 3  | Faroe Islands  | TIEA              | 10-Nov-2012 | 23-May-2012      |
| 4  | Finland        | TIEA              | 10-Nov-2012 | 12-Jun-2012      |
| 5  | France         | TIEA              | 6-Jan-2011  | 30-Dec-2012      |
| 6  | Germany        | DTC               | 25-Nov-1970 | 25-Apr-1974      |
| 7  | Ghana          | TIEA              | 24-Feb-2011 | 30-Mar-2012      |
| 8  | Greenland      | TIEA              | 10-Nov-2012 | 24-May-2012      |
| 9  | Iceland        | TIEA              | 10-Nov-2010 | 30-Dec-2012      |
| 10 | India          | TIEA              | 10-Mar-2011 | 30-Mar-2012      |
| 11 | Netherlands    | TIEA              | 27-May-2010 | 1-Jun-2012       |
| 12 | Norway         | TIEA              | 10-Nov-2010 | 17-May-2012      |
| 13 | Poland         | TIEA              | 7-Aug-2013  | Not yet in force |
| 14 | Portugal       | TIEA              | 14-Jan-2011 | Not yet in force |
| 15 | South Africa   | TIEA              | 7-Feb-2012  | 7-Jul-2013       |
| 16 | Sweden         | TIEA              | 11-Oct-2010 | 4-May-2012       |
| 17 | United Kingdom | TIEA              | 7-Nov-2010  | 30-Mar-2012      |

## **Convention on Mutual Administrative Assistance in Tax Matters (as amended)**

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).<sup>18</sup> The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax cooperation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the international standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention was signed by Liberia on 11 June 2018. Once it will have brought the Multilateral Convention into force, Liberia will be able to exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus,<sup>19</sup> Czech Republic, Denmark,

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18. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.
  19. Note by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United

Dominican Republic, Ecuador, El Salvador, Estonia, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), Malaysia, Malta, Liberia, Mauritius, Mexico, Moldova, Monaco, Montserrat (extension by the United Kingdom), Morocco, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Pakistan, Panama, Peru, Poland, Portugal, Romania, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Armenia, Benin, Bosnia and Herzegovina, Burkina Faso, Cabo Verde, Gabon, Kenya, Liberia, Mauritania, Mongolia, Montenegro, North Macedonia (entry into force on 1 January 2020), Oman, Paraguay, Philippines, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

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Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

### **Annex 3: Methodology for the review**

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and the 2016-21 Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as at December 2019, Liberia's EOIR practice in respect of EOI requests made and received during the three year period from 1 April 2015 to 31 March 2018, Liberia's responses to the EOIR questionnaire, information supplied by partner jurisdictions, as well as information provided by Liberia's authorities during the on-site visit that took place from 8 to 12 April 2019 in Monrovia, Liberia.

#### **List of laws, regulations and other materials received**

General Business Law

Title 5, Associations Law (Business Corporation Act,) as amended on 18 April 2018

Chapter 50, Associations Law, Registered Trusts

Chapter 60, Associations Law, Private Foundations

Revenue Code of Liberia Act of 2000 as amended

Central Bank of Liberia Act

New Financial Institutions Act

Anti-Money Laundering and Terrorist Financing Act, 2012

An Act to establish the Financial Intelligence Unit of Liberia, 2012

An Act approving the agreement entered into by and between the Republic of Liberia and the Liberia International Ship and Corporate Registry, 18 March 1999



An Act to ratify the amendment to the extended and restated agency agreement between the Republic of Liberia and Liberia International Ship and Corporate Registry (LISCR, LLC), 22 April 2015

Administrative Regulation No. 28 of Vol. XIX dated 11 July 2019

Administrative Regulation No. 47 of Vol. XIX dated 19 September 2019

### **Authorities interviewed during on-site visit**

Liberian Revenue Authority

Liberian Business Register

Registrar for non-resident domestic entities

Representatives from LISCR LLC and LISCR Trust Company

Central Bank of Liberia

Financial Intelligence Unit

Representatives from Bankers Association

Representatives from the Bar Council

Representatives from the Tax Advisors Association

### **Current and previous reviews**

This report is the third review of Liberia conducted by the Global Forum. Liberia previously underwent a review of its legal and regulatory framework (Phase 1) originally in 2012 and a supplementary review (Phase 1) in 2016.

Previously, the Global Forum had evaluated Liberia's legal and regulatory framework in 2012 against the 2010 Terms of Reference for the legal implementation of the EOIR standard (Round 1, Phase 1). Two essential elements, Availability of Ownership Information (A.1) and Maintenance of Accounting Records (A.2), were not in place. In 2016, a Supplementary review was undertaken. Element A.1 continued to be determined to be "not in place" primarily because necessary legislative changes to address the issue of bearer shares and the obligations of nominees to hold ownership and identity information had not been addressed. However, element A.2 was determined to be "in place" due to the legislative changes made by Liberia.

Since the Phase 1 Supplementary Report was finalised only in 2016, it was considered appropriate that instead of carrying out a Phase 2 review on the practical implementation of the standard under the 2010 ToR, Liberia

may be comprehensively assessed in the second round of reviews under the 2016 ToR. Thus, this report is the first time that the effectiveness of EOIR in practice has been reviewed for Liberia.

### Summary of reviews

| Review                                 | Assessment team   | Period under review              | Legal framework as of | Date of adoption by Global Forum |
|--|---|----------------------------------|-----------------------|----------------------------------|
| Round 1<br>Phase 1                     | Ms Sylvia C. Moses (British Virgin Islands), Mr Numan Emre Ergin (Turkey), Ms Amy O'Donnell and Ms Laura Hershey (Global Forum Secretariat) | n.a.                             | April 2012            | June 2012                        |
| Round 1<br>Supplementary<br>to Phase 1 | Ms La Toya James (British Virgin Islands), Mr Numan Emre Ergin (Turkey), Ms Melissa Dejong and Mr Siva Pattanam (Global Forum Secretariat)  | n.a.                             | 16 May 2016           | July 2016                        |
| Round 2                                | Mr Michael Braun (Germany), Ms Joyce Mwangi (Kenya), Ms Gwenaëlle Le Coustumer and Mr Puneet Gulati (Global Forum Secretariat)              | 1 April 2015 to<br>31 March 2018 | 23 December<br>2019   | March 2020                       |

## Annex 4: Liberia’s response to the review report<sup>20</sup>

Liberia’s commitment to tax transparency and its fight against tax crimes and other vices that have the tendency to undermine both domestic resource mobilization and international tax cooperation has been on the forward march since it joined the Global Forum in 2009 and went through its Phase I review in 2012 followed by a Supplementary Phase I review in 2016.

Liberia’s Phase I reports contained some recommendations and Liberia has effectively addressed almost all the Phase I recommendations and has also acted on the new requirements under the enhanced terms of reference. Liberia has made this progress despite pressing economic circumstances as well as national challenges like the Ebola virus outbreak that the country had to face a few years ago. Liberia received some helpful support through Technical Assistance from the Global Forum in making the necessary legislative changes.

As a demonstration of its resolve to international tax transparency, Liberia signed both the Multilateral Convention and the MCAA on June 11, 2018 and August 7, 2018 respectively. The President of Liberia has submitted the Convention to the National Legislature for ratification; it is expected to be ratified by the end of March 2020.

Besides the Multilateral Convention, which will significantly enhance Liberia’s treaty network, Liberia has worked with other jurisdictions on expanding its EOI network. However, once the Multilateral Convention comes into effect, some of these TIEAs may not be needed. The point is that Liberia has worked sincerely to expand its network of EOI mechanisms.

During the course of the Second Round review, and in order to address some of the concerns of the assessment team, Liberia issued binding administrative regulations in respect of coverage of beneficial ownership, AML obligations of the registered agent, bearer shares and nominees. These regulations are being incorporated into domestic law and amendments have been

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20. This Annex presents Liberia’s response to the review report and shall not be deemed to represent the Global Forum’s views.

submitted to the National Legislature for passage into law. It is also worth reporting that these amendments have already passed the lower House of the National Legislature and are before the Upper House for concurrence.

Additionally, since the on-site visit, Liberia has put into place mechanisms to ensure that all entities are required to attest to the registered agent, under penalty of perjury, that they have complied with all record keeping requirements including accounting records.

Increased domestic resource mobilization is central to achieving structural transformation in Liberia which is in turn essential to addressing social and economic challenges such as poverty, inequality and unemployment. As a further sign of Liberia's International Tax efforts to combat tax crimes, the Government of Liberia heightened the importance it attaches to adhering to the standards of the Global Forum and anticipates leveraging the opportunities international cooperation on tax matters bring to the tax landscape of Liberia.

Although Liberia has been rated Partially Compliant in the implementation of the International Standard of transparency and exchange of information upon request, Liberia gives its assurance that it is prepared to make huge strides in implementing the recommendations contained in the Report.

Liberia expresses the delight of the government of His Excellency President Weah to seize on the opportunity of joining other nations to accelerate the fight against tax evasion and avoidance, which have been crippling revenue generation in developing countries to which Liberia is no exception.



GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE  
OF INFORMATION FOR TAX PURPOSES

**Peer Review Report on the Exchange of Information  
on Request LIBERIA 2020 (Second Round)**

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This report contains the 2020 Peer Review Report on the Exchange of Information on Request of Liberia.



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