

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

Peer Review Report on the Exchange of Information
on Request

DOMINICA

2023 (Second Round, Supplementary Report)

Global Forum on Transparency and Exchange of Information for Tax Purposes: Dominica 2023 (Second Round, Supplementary Report)

PEER REVIEW REPORT ON THE EXCHANGE
OF INFORMATION ON REQUEST

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Note by the Republic of Türkiye

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. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye 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 Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

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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 and <http://dx.doi.org/10.1787/2219469x>.

Abbreviations and acronyms

AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
Caricom Tax Treaty	Caribbean Community Double Tax Agreement
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
Code of Practice	Anti Money Laundering and Suppression of Terrorist Financing Code of Practice
DTA	Double Taxation agreement
ECCB	Eastern Caribbean Central Bank
EOI	Exchange of Information
EOI Act	Tax Information Exchange Act
EOIR	Exchange of Information on Request
EUR	Euro
FATF	Financial Action Task Force
FSU	Financial Services Unit
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
IBC	International Business Company
IRD	Inland Revenue Division
ITA	Income Tax Act
MLPA	Money Laundering (Prevention) Act
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010

PoCA	Proceeds of Crime Act
TIEA	Tax Information Exchange Agreement
XCD	Eastern Caribbean Dollars

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information (EOI) on request in Dominica on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as at 12 July 2023 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of EOI requests received and sent during the review period from 1 April 2019 to 31 March 2022.

2. This report supplements the findings and analysis in the report that had assessed Dominica's legal and regulatory framework as of 17 September 2020 and the practical application of that framework (2020 Report), in particular in relation to EOI requests processed during the period from 1 April 2016 to 31 March 2019. The 2020 Report rated Dominica overall "Partially Compliant" with the standard. Since then, Dominica has made progress in both its legal and regulatory framework and the implementation of the standard in practice, which led to Dominica requesting a supplementary review on 14 October 2020. This request was accepted by the Peer Review Group of the Global Forum and has resulted in the present supplementary report.

3. This report concludes that Dominica made sufficient progress to be rated overall **Largely Compliant** with the standard.

Comparison of ratings for Second Round Report and Supplementary Report

Element	Second Round Report (2020)	Supplementary Report (2023)
A.1 Availability of ownership and identity information	Partially Compliant	Partially Compliant
A.2 Availability of accounting information	Partially Compliant	Partially Compliant
A.3 Availability of banking information	Largely Compliant	Compliant
B.1 Access to information	Partially Compliant	Largely Compliant
B.2 Rights and Safeguards	Largely Compliant	Compliant
C.1 EOIR Mechanisms	Compliant	Compliant
C.2 Network of EOIR Mechanisms	Compliant	Compliant
C.3 Confidentiality	Largely Compliant	Compliant
C.4 Rights and safeguards	Compliant	Compliant
C.5 Quality and timeliness of responses	Largely Compliant	Largely Compliant
OVERALL RATING	Partially Compliant	Largely Compliant

Note: the four-scale ratings are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

Progress made since previous review

4. Since the previous review in 2020, Dominica made progress on both the legal and regulatory framework and on the implementation of the standard in practice, notably in terms of supervision. Two major changes were made to the legal and regulatory framework. First, in July 2021, Dominica amended its Anti-Money Laundering and Suppression of Terrorist Financing Code of Practice, thereby amending its legal and regulatory framework to align the definition and method to identify the beneficial owners of companies, partnerships and trusts to that of the standard (Elements A.1 and A.3). Second, on 1 January 2023, Dominica closed the International Business Sector, which led to the dissolution of 14 196 international business companies, most of which were inactive or non-compliant. This second action came as a result of supervision and enforcement activities carried out in 2021, which showed that most of these entities were not compliant with their legal obligations.

5. During 2021, Dominica also established a Compliance Unit under the direction of the Registrar of Companies. The Compliance Unit initiated the process to strike off from the register 2 160 inactive or non-compliant entities, out of which 1 910 entities have already been struck off from the register. With these actions, Dominica has addressed the concern on the availability of legal ownership information due to the significant number of inactive entities that retained their legal personality.

6. In addition, Dominica has significantly increased its supervision powers and applied sanctions with regards to obligations on the availability of beneficial ownership and banking information as the three commercial banks in Dominica were subject to onsite inspections by the Eastern Caribbean Central Bank. The Financial Services Unit also conducted 226 inspections, including inspections on all offshore banks, with respect to obligations on the availability of beneficial ownership information. As a result of the deficiencies identified, the Financial Services Unit issued written reprimands, monetary sanctions, and revocation of licences.

7. In terms of access to information, Dominica has amended its EOI Manual by introducing a dedicated chapter that sufficiently describes the court procedure to compel the production of documents. Moreover, the EOI staff has received training on such procedure. These actions addressed the concerns on the effectiveness of Dominica's access powers, rights and safeguards of taxpayers and third parties, and confidentiality of information in cases where Dominica needs to apply to a court to compel the production of documents for EOI purposes (Elements B.1 and C.3).

8. Dominica also made progress on some other elements of the standard, even though they are not sufficient for the rating for these elements to change. Under Element A.1, Dominica was recommended to establish a clear time limit for the revival of companies that are struck off from the register and mandating the submission of legal ownership information upon restoration. In July 2021, Dominica amended its Companies Act, addressing this recommendation. For some other recommendations issued in 2020, no or no sufficient progress was noted.

Key recommendations

9. Dominica continues relying on Anti-money laundering (AML)-obliged persons as the only source of beneficial ownership information; however, there is no legal requirement for all relevant legal persons and arrangements to have an ongoing relationship with an AML-obliged person. Thus, beneficial ownership information may not be available in respect of all relevant entities and arrangements. Therefore, Dominica is still recommended to ensure the availability of adequate, accurate and up to date information on the beneficial owners of all relevant legal persons and arrangements in accordance with the standard (Element A.1).

10. The Registrar of Companies is the main authority supervising the availability of legal ownership information in Dominica. While the Registrar has conducted several compliance and enforcement activities with regards to inactive entities and entities that failed to submit their annual return, it still does not conduct any verifications nor has imposed sanctions in respect

of the entities' obligation of keeping a register of shareholders. Dominica is still recommended to implement a regular and comprehensive monitoring system with respect to obligations on the availability of legal ownership information of entities (Element A.1).

11. Pursuant to Dominica's legal and regulatory framework, where a legal owner acts on behalf of another person, as a nominee or under a similar arrangement, the identification of that other person (the nominator) is not required in all cases but only where that other person (the nominator) holds at least 10% of the voting rights of a company, or otherwise is a beneficial owner of a company that has a business relationship with an AML-obliged person. Dominica is recommended to ensure that all nominee shareholders disclose their status, as well as the information on the nominator to the company (Element A.1).

12. The availability of accounting information is provided for by a combination of corporate law and tax law requirements and it is overseen by the tax authority. However, the level of compliance with the annual tax filing obligation is low and is not compensated by the level of verification activities carried out and sanctions imposed, by the tax authority. This raises concerns in respect to the availability of accounting information. Therefore, Dominica is still recommended to enhance its monitoring and enforcement practice to ensure the availability of accounting records for all relevant entities and arrangements (Element A.2).

13. The definition of attorney-client privilege pursuant to Dominica's domestic legal framework is broader than the one provided by the standard as it refers not only to communications between attorney and client, but also communications with "any other persons". During the onsite visit, representatives of lawyers and accountants continued interpreting professional secret in a manner not consistent with the standard. Moreover, Dominica has not yet tested its access powers with respect to persons that may claim professional secrecy. Therefore, Dominica is still recommended to monitor that its access powers can be applied in line with the standard with respect to information held by professionals who can claim professional secrecy to information to which secrecy should not apply according to the standard (Element B.1).

Exchange of information in practice

14. Regarding the quality and timeliness of responses (Element C.5), Dominica was recommended in 2020 to further develop the practical implementation of the organisational processes of the EOI unit, including the development of a system to record EOI requests, updating the EOI Manual and training EOI staff, to ensure that they are sufficient for effective EOI

in practice. Since the 2020 Report, Dominica has updated its EOI Manual and re-staffed its EOI Unit with four full-time officials. All EOI officials have received training on EOI. Dominica has also implemented an EOI request tracking system.

15. Dominica's experience on exchange of information in practice is still very limited. During the review period, Dominica received one request for information and responded within 128 days. The request related to beneficial ownership information. The peer was satisfied with the response. Dominica did not send any request for information during the review period.

16. However, Dominica's failure to update the information on the contact detail of the competent authority in a timely manner hampered communications with another EOIR partner, as well as Dominica's ability to receive a request for information. Therefore, Dominica is recommended to ensure that the contact details of the competent authority are up to date and available to its EOIR partners at all times.

Overall rating

17. Dominica has achieved a Compliant rating for six elements (A.3, B.2, C.1, C.2, C.3 and C.4), Largely Compliant for two elements (B.1 and C.5) and Partially Compliant for two elements (A.1 and A.2). Dominica's overall rating is Largely Compliant based on a comprehensive consideration of Dominica's compliance with the individual elements.

18. This report was approved at the Peer Review Group of the Global Forum on 19 September 2023 and was adopted by the Global Forum on 3 November 2023. A follow up report on the steps undertaken by Dominica to address the recommendations made in this report should be provided to the Peer Review Group 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 (Element A.1)		
The legal and regulatory framework is in place but needs improvement	The AML/CFT framework is the only source of beneficial ownership information of companies, partnerships and trusts in Dominica. However, there is no legal requirement to ensure that all entities have an ongoing relationship with an AML-obliged person, thus beneficial ownership information may not be available for all relevant entities and arrangements.	Dominica is recommended to ensure the availability of adequate, accurate and up-to-date information on the beneficial owners of all relevant entities and arrangements in accordance with the standard.
	Pursuant to Dominica's legal and regulatory framework, where a legal owner acts on behalf of another person as a nominee or under a similar arrangement, the identification of that other person (the nominator) is not required in all cases but only where that other person (the nominator) holds at least 10% of the voting rights of a company, or otherwise is a beneficial owner of a company that has a business relationship with an AML-obliged person.	Dominica is recommended to ensure that that all nominee shareholders disclose their status, as well as the information on the nominator, to the company.

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating: Partially Compliant	While the register of shareholders is the only source of legal ownership information that must be always up to date, the Registrar of Companies still does not conduct any verifications nor has imposed sanctions in respect of the entities' obligation of keeping a register of shareholders and the verifications conducted by the tax authorities are not adequate to compensate the lack of supervision by the Registrar.	Dominica is recommended to implement a regular and comprehensive monitoring system to ensure compliance by all relevant entities with obligations to maintain legal ownership information under Dominica's law.
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements (Element A.2)		
The legal and regulatory framework is in place		
EOIR Rating: Partially Compliant	The availability of accounting information is provided for by a combination of corporate law and tax law requirements and is overseen by the tax authority. However, the level of compliance with the annual tax filling obligation is very low and is not compensated by the level of verification activities carried out and sanctions imposed by the tax authority. This raise concerns in respect to the availability of accounting information in accordance with the standard.	Dominica is recommended to enhance its monitoring and enforcement practice to ensure the availability of accounting records for domestic and foreign legal entities and arrangements, including for those that have ceased to exist.
Banking information and beneficial ownership information should be available for all account-holders (Element A.3)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		

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) (Element B.1)		
The legal and regulatory framework is in place.		
EOIR Rating: Largely Compliant	Although there are sufficient general access powers available to the tax authorities which seem to allow access to information held by legal professionals and accountants, the interaction of these powers with professional secrecy has not been tested in practice. This concern is strengthened by the fact that the representatives of the lawyers and accountants did not clearly indicate that they would in practice be in position to provide information to the tax authorities when requested.	Dominica should monitor access to information held by professionals who can claim legal professional or other professional secrecy obligations so that the requested information can be obtained in line with the standard.
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 (Element B.2)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information (Element C.1)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		

Determinations and ratings	Factors underlying recommendations	Recommendations
The jurisdictions' network of information exchange mechanisms should cover all relevant partners (Element C.2)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received (Element C.3)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties (Element C.4)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner (Element C.5)		
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating: Largely Compliant	Dominica's failure to update the information on the contact detail of the competent authority in a timely manner hampered communications with an EOIR partner, as well as Dominica's ability to receive a request for information.	Dominica should ensure that the contact details of the competent authority are up to date and available to its EOIR partners at all times.
	Dominica has put in place the necessary processes and resources to allow effective exchange of information. However, there has not been a substantive number of cases in practice to test their effectiveness.	Dominica should monitor the practical implementation of the organisational processes and resources of its EOI Unit to ensure that they are sufficient at all times for effective EOI in practice.

Overview of Dominica

19. This overview provides some basic information about the Commonwealth of Dominica (Dominica) that serves as context for understanding the analysis in the main body of the report.

20. Dominica is an island nation in the Eastern Caribbean with a population of 74 243 inhabitants (estimate as of July 2022). English is the official language. The currency is the East Caribbean dollar (XCD).¹ In 2021, Dominica had a gross domestic product of EUR 504 million. Services contributed to 70% of Dominica’s gross domestic product; agriculture and industry contributed 15% each.²

21. Dominica is a member of the Caribbean Community, the Organisation of Eastern Caribbean States, and the Global Forum.

Legal system

22. Dominica is a common law jurisdiction. The hierarchy of laws is in decreasing order of rank: (i) the Constitution, (ii) the Acts of the House of Assembly, and (iii) the Subsidiary Laws, Rules, Orders and Statutory Instruments. International treaties, including information exchange agreements, have force of law in Dominica once they are scheduled to domestic law (i.e. they have the same legal status as domestic laws enacted by the House of Assembly). As the House of Assembly approves international treaties, it would not be expected that there is an antinomy between international treaties and domestic law enacted by the House of Assembly; however, if such a case were to arise, the conflict would be resolved by applying the general principles, such as, “*lex specialis derogat legi generali*”. International treaties would generally be considered as *lex specialis*, thus prevailing over other acts of the House of Assembly *legi generali*.

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1. Considering an exchange rate of XCD 2.95421 per EUR 1 published by the Eastern Caribbean Central Bank as of 11 August 2023.
 2. Dominica | Data (worldbank.org).

23. The Constitution of Dominica provides for the separation of powers between the Executive, the Legislature and the Judiciary. The Head of State is the President, elected for a five-year term by the House of Assembly. The President appoints as Prime Minister the person who commands the support of the majority of elected members of the House of Assembly. The President appoints, on the Prime Minister's recommendation, other Cabinet Ministers from among members of the House of Assembly. The Prime Minister and the Cabinet exercise the executive authority on behalf of the President. The Cabinet is collectively responsible to the House of Assembly.

24. The House of Assembly and the President have the legislative power. The unicameral House of Assembly consists of 21 representatives elected for a five-year term in single-seat constituencies, and nine appointed Senators together with a Speaker where the Speaker is not already an elected member or a Senator.

25. The judicial power is organised with three magistrate's courts, with the final court being the Caribbean Court of Justice. The competence over tax cases lies with the High Court, which is also responsible for appeals related to exchange of information as well as access powers matters.

Tax system

26. Dominica imposes both corporate and individual income taxes. The Income Tax Act (ITA) and the Collection of Taxes Act govern the administration of income taxes. Individuals with their permanent home in Dominica are considered tax residents and are taxed on their worldwide income at progressive rates ranging from 15% to 35%. All resident corporations, either incorporated or with their place of management and control in Dominica, including cases where a company has its head office located in Dominica, as well as trusts are taxed on their worldwide income at a single rate of 25%. The income accrued by partnerships is taxable on the partners. Dominica has repealed the tax exemption provided for offshore banks. The grandfathering exemption elapsed in December 2021.

27. The assessable income of a taxpayer resident in Dominica includes the gains or profits derived from any business; any employment; rentals or royalties; interest or discounts; premiums, commissions, fees and licence charges; annuities and other periodic receipts, including receipts by way of alimony or maintenance; dividends; and any other gains or profits accrued (ITA, ss. 8(1)(a) and 33(1)).

28. Both individual and entities that are non-residents are subject to tax in respect of income with source in Dominica. The tax rate is 15% for any item

of income with source in Dominica paid to the non-resident. Reduced rates or exemptions may apply in accordance with double taxation agreements (DTA).

29. Dominica levies value added tax on the continuous and regular supply of, or import of, goods and services in Dominica. The tax rate is 15% on the value of every taxable supply or import. A reduced rate of 10% applies for certain activities, such as accommodation services.

30. The Inland Revenue Division (IRD) is the authority that oversees the administration of tax laws.

Financial services sector

31. The Banking Act, Offshore Banking Act, and the Securities Act are the laws governing the provision of financial services.

32. As of March 2022, Dominica's financial sector comprised: 3 commercial banks (1 foreign owned branch and 2 local banks), 22 offshore banks, 15 insurance companies, 3 insurance brokers, 6 credit unions, 10 money services businesses, 1 government owned development bank, and 1 building and loan association. Since the previous report, the number of offshore banks has increased by seven. While the total assets held by commercial banks amounted to 59% of Dominica's gross domestic product, the total assets held by offshore banks was slightly lower with 57%.

33. The securities exchange is made through the Eastern Caribbean Securities Exchange. Only one entity in Dominica has issued equity that is publicly traded.

34. The two government bodies responsible for financial regulation and supervision in Dominica are: the Eastern Caribbean Central Bank (ECCB) and the Financial Services Unit (FSU). The ECCB is a multi-jurisdictional regulator with responsibility for regulation in the Eastern Caribbean Currency Union.³ The ECCB is responsible for the regulation of commercial banking business. The FSU is responsible for the prudential regulation of all other financial institutions in Dominica.

Anti-Money Laundering Framework

35. The Proceeds of Crime Act (PoCA) and the Money Laundering (Prevention) Act (MLPA) are the main laws governing anti-money laundering (AML) in Dominica. All financial institutions (including a trust business)

3. The Union comprises Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

and persons carrying on listed business activities (such as management companies, asset management and custodial services, nominee services, registered agents, lawyers, and accountants) are subject to AML obligations and are supervised by the ECCB or the FSU.

36. The Caribbean Financial Action Task Force (CFATF) conducted an evaluation of Dominica's compliance with the AML standards in 2009. Dominica received a non-compliant rating on FATF Recommendation 5 regarding customer due diligence (CDD) of financial institutions, a partially compliant rating for Recommendation 9 on introduced business, and a compliant rating for Recommendation 10 on record keeping. Recommendations 12, 16 and 24 were rated non-compliant because designated non-financial businesses and professions were not supervised. Recommendations 33 and 34 were rated as partially compliant and non-compliant, respectively, because the laws did not establish adequate transparency concerning beneficial ownership of legal entities, legal arrangements, and bearer shares.

37. In the latest follow-up report issued in November 2014, the CFATF acknowledged the progress made by Dominica to address the deficiencies identified in the 2009 Report. Only Recommendation 33 was considered to be outstanding, with gaps related to beneficial ownership information maintained by licensed agents in the case of International Business Companies. The complete Mutual Evaluation Report and follow-up reports have been published and are available at <https://www.cfatf-gafic.org/member-countries/dominica>.⁴

Recent developments

38. Since the previous review, Dominica has:
- closed the International Business Sector, effective as of 1 January 2023
 - amended its Companies Act, to establish a time limit of five years to restore entities that were struck from the register of companies, as well as mandating the provision of legal ownership information upon restoration
 - amended its AML framework to align the definition and method to identify the beneficial owners of companies, partnerships, and trusts to that of the standard

4. Dominica's Round 4, Mutual Evaluation Report was published on 25 July 2023. Available at <https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/Dominica-CFATF-Mutual-Evaluation-2023.pdf.coredownload.inline.pdf>.

- established a Compliance Unit within the Companies and Intellectual Property Office, which is under the direction of the Registrar of Companies
- re-staffed its EOI Unit with four full-time officials and updated its EOI Manual
- conducted a National Risk Assessment and subsequently developed a National Implementation Action Plan to address the gaps and deficiencies within the legal and institutional frameworks.

Part A: Availability of information

39. 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 banking 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.

40. The 2020 Report concluded that Dominica's legal and regulatory framework on the availability of identity and ownership information was in place, but improvements were needed with respect to the availability of both legal and beneficial ownership information to the legislative framework, as well as at the level of its implementation in practice. In light of these deficiencies, Dominica was rated Partially Compliant with the standard. Since the 2020 Report, Dominica has taken steps to address the recommendations; however, there are still some deficiencies identified.

41. Regarding legal ownership information, it was found in the previous report that, while companies struck off from the register were allowed to apply for restoration, and thus regain legal personality, there was no obligation to furnish legal ownership information upon restoration, and there was no time limit to apply for restoration. Dominica implemented the recommendation to mandate the provision of ownership information upon restoration, and established a five-year limit for the revival of companies.

42. Another important change made by Dominica is that, effective 31 December 2022, the International Business Companies (IBC) sector no longer exists. From 5 July 2021 to 31 December 2022, IBCs were allowed to apply to become domestic companies (only 8 IBCs applied). IBCs that did not apply to be treated as domestic companies have lost their legal personality. Since 1 January 2023, there are no more IBCs in Dominica (most of which were inactive).

43. Deficiencies were also found in the previous report with respect to the identification of beneficial owner(s) of companies, partnerships and trusts, as it was unclear how to determine the beneficial owners in situations where control was exercised through means other than control through ownership, or the need to identify all beneficial owners. Dominica amended its Anti Money Laundering and Suppression of Terrorist Financing Code of Practice (Code of Practice), bringing the definition and method to identify the beneficial owners of companies, partnerships and trusts in line with the standard. On the other hand, Dominica continues to rely on AML-obliged persons as the only source of beneficial ownership information, and there is no legal requirement on all relevant entities and arrangements to have an ongoing relationship with an AML-obliged person and thus information may not be available for all relevant entities and arrangements. Therefore, Dominica is still recommended to ensure the availability of adequate, accurate and up to date information on the beneficial owners of all relevant entities and arrangements.

44. As a result, the legal and regulatory framework of Dominica still needs some improvement to ensure that beneficial ownership information on all relevant entities and arrangements is available.

45. Regarding the implementation of the legal framework in practice, the Registrar of Companies (the Registrar) is the main authority with powers to oversee the obligations on the availability of legal ownership information. The 2020 Report found that the Registrar functioned merely as a repository of information with extremely limited supervision activities as it did not use its powers to strike off from the register non-compliant or inactive companies, notwithstanding their significant number, including IBCs, nor conducted inspections and imposed sanctions with respect to the obligation to maintain the register of shareholders. Dominica was therefore recommended to implement a regular and comprehensive monitoring system to ensure compliance. Dominica was recommended to review its system whereby a significant number of inactive entities retain their legal personality.

46. Dominica established a Compliance Unit within the Companies and Intellectual Property Office, which is under the direction of the Registrar. During the review period, the Registrar initiated the process to strike off from the register 2 160 non-compliant or inactive entities, out of which 1 910 have already been struck off, and, thus, about 80% of non-compliant or inactive entities have lost their legal personality. Dominica informed that the outstanding processes will be completed within year 2023. Moreover, as a consequence of the repeal of the IBC sector, 14 196 IBCs, most of which were inactive or non-compliant, have lost their legal personality. Therefore, Dominica has addressed the recommendation regarding inactive entities that retained legal personality.

47. The legal ownership information reported to the Registrar may not be up to date in all cases as the information is reported as of the end of the relevant year and there is no obligation to report updates. The only source of legal ownership information that will be up to date at all times is the register of shareholders kept by the companies themselves. Nevertheless, the Registrar has not yet carried out inspections nor applied sanctions regarding the companies' obligation to keep a register of shareholders. While the IRD verifies compliance with this obligation during tax audits, the level of compliance activities carried out by the IRD is low, the cases for audits are selected based exclusively on tax-risk, and entities not submitting an annual tax return will not be subject to a tax audit. Therefore, the review conducted by the IRD is not adequate to compensate the lack of supervision by the Registrar. Dominica is still recommended to implement a regular and comprehensive monitoring system to ensure compliance by all relevant entities with the obligations on keeping the register of shareholders, since this is the only full and up to date source of such information.

48. With respect to beneficial ownership information, the Eastern Caribbean Central Bank (ECCB) is the AML authority with respect to commercial banks, and the Financial Services Unit (FSU) is the AML authority with respect to financial institutions other than commercial banks, and other AML-obliged persons (such as lawyers, accountants and notaries). The 2020 Report found that the level of inspections conducted by the AML authorities was low and no sanctions were applied. In addition, while lawyers, accountants and notaries were subject to the AML laws, no supervision on either profession was carried out.

49. During the review period, the ECCB conducted onsite inspections on the three commercial banks in Dominica. The ECCB identified deficiencies in compliance with AML obligations with respect to two banks and entered into written agreements whereby the commercial banks acknowledged the non-compliance and agreed on a timeline to address it. The ECCB followed up with the two commercial banks: one of them having fully addressed the non-compliance, and the other one being in progress to do so. The FSU conducted 226 inspections with respect to obligations on the availability of beneficial ownership information. As a result of the deficiencies identified, the FSU issued written reprimands, monetary sanctions, and revocation of licences. Dominica has addressed the recommendations on the supervision of the availability of beneficial ownership information.

50. With respect to nominees' arrangements, it was found in the previous report that the information on the nominator was not available in cases where the nominee was not a financial services institution. Dominica was recommended to ensure that the availability of ownership information in respect of nominee arrangements was effectively supervised and enforced. Since then, the AML authorities explained that in verifying the identification

of beneficial owners of an entity, they would review the underlying documentation of the customer due diligence (CDD) to confirm whether there is an indication that there is one or more nominees in the chain of ownership. The representatives of AML-obliged persons also indicated that, as part of their CDD, they would establish if their clients were acting on behalf of another person (i.e. if the client is a nominee) and/or if there is one or more nominees in the client's chain of ownership. Therefore, Dominica has addressed the recommendation on supervision made in the 2020 Report.

51. However, pursuant to Dominica's legal and regulatory framework, where a legal owner acts on behalf of another person as a nominee or under a similar arrangement, the identification of that other person (the nominator) is not required in all cases but only where that other person (the nominator) holds at least 10% of the voting rights of a company, or otherwise is a beneficial owner of a company that has a business relationship with an AML-obliged person. Therefore, Dominica is recommended to ensure that all nominee shareholders disclose their status, as well as the information on the nominator, to the company.

52. During the review period, Dominica received one request for ownership information in respect of a company. Dominica provided the information, and the treaty partner was satisfied with the information provided.

53. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element needs improvement

Deficiencies identified/ Underlying factor	Recommendations
The AML/CFT framework is the only source of beneficial ownership information of companies, partnerships and trusts in Dominica. However, there is no legal requirement to ensure that all entities have an ongoing relationship with an AML-obliged person, thus beneficial ownership information may not be available for all relevant entities and arrangements.	Dominica is recommended to ensure the availability of adequate, accurate and up-to date information on the beneficial owners of all relevant entities and arrangements in accordance with the standard.

Deficiencies identified/ Underlying factor	Recommendations
Pursuant to Dominica’s legal and regulatory framework, where a legal owner acts on behalf of another person as a nominee or under a similar arrangement, the identification of that other person (the nominator) is not required in all cases but only where that other person (the nominator) holds at least 10% of the voting rights of a company, or otherwise is a beneficial owner of a company that has a business relationship with an AML-obliged person.	Dominica is recommended to ensure that that all nominee shareholders disclose their status, as well as the information on the nominator to the company.

Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/ Underlying factor	Recommendations
While the register of shareholders is the only source of legal ownership information that must be always up to date, the Registrar of Companies still does not conduct any verifications nor has imposed sanctions in respect of the entities’ obligation of keeping a register of shareholders and the verifications conducted by the tax authorities are not adequate to compensate the lack of supervision by the Registrar.	Dominica is recommended to implement a regular and comprehensive monitoring system to ensure compliance by all relevant entities with obligations to maintain legal ownership information under Dominica’s law.

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

54. The Companies Act provides for the following type of companies:

- domestic companies
 - companies limited by shares, which may be private or public
 - companies without share capital (non-profit companies)
- external companies, which are foreign companies carrying on business or having its head office located in Dominica.

55. At the time of the 2020 Report, there were 20 466 International Business Companies (IBCs) registered in Dominica with 483 (i.e. less than 3%) being active. Since 31 December 2022, the provisions relating to IBC have been repealed. From 5 July 2021 to 31 December 2022, IBCs were allowed to apply to become domestic companies (only 8 IBCs applied). IBCs that did not apply to be treated as domestic companies were struck from the

register and have lost their legal personality by virtue of the International Business Company Repeal Act (IBC Repeal Act). Since 1 January 2023, there are no more IBCs in Dominica.

56. As of January 2023, there were 3 445 companies limited by shares, 750 non-profit companies (see paragraph 158) and 106 external companies. The number of companies has increased compared to the previous review which showed 2 899 active domestic companies (including 386 non-profit companies) and 39 external companies registered in Dominica as of March 2020. During the onsite visit, Dominica’s authorities indicated that, although there is no comprehensive explanation, the increase in the number of companies may be attributed to new companies being formed because of economic recuperation from the hurricane in 2017.

Legal ownership and identity information

57. The main law providing for the availability of legal ownership information on companies is the Companies Act. The tax and AML legal frameworks provide for the availability of legal ownership information in limited circumstances, or to a limited extent, and are only supplementary sources of legal ownership information.⁵

58. The following table shows a summary of the legal requirements to maintain legal ownership and identity information with respect of companies.

Companies covered by legislation regulating legal ownership information⁶

Type	Companies Law	Tax Law	AML Law
Domestic Companies	All	Some	Some
Foreign companies (with nexus)	All	Some	Some

5. Pursuant to the Income Tax Act (ITA), some legal ownership information must be provided annually to the IRD. Particularly, companies that distributed dividends during the previous tax year must provide the name, address and tax identification number of the person receiving the dividends. These requirements do not secure the availability of legal ownership information for companies that do not distribute dividends. AML laws and regulations do not explicitly require AML-obliged persons to keep information on the legal ownership of their customers. Therefore, although the identification of the beneficial owners may lead, in some cases, to the identification of the legal owners, the AML-obliged persons are not a privileged source of legal ownership information in Dominica. See the 2020 Report for further information.
6. The table shows each type of entity and whether the various rules applicable require availability of information for “all” such entities, “some” or “none”. “All” means that the legislation, whether it meets the standard, contains requirements on the availability of ownership information for every entity of this type. “Some” means that an entity will be covered by these requirements if certain conditions are met.

59. The 2020 Report concluded that Dominica’s legal and regulatory framework requiring the availability of legal ownership information in respect of companies was generally in place. However, it was found that, while companies struck off from the register were allowed to apply for restoration, and thus regain legal personality, there was no obligation to furnish legal ownership information upon restoration, and there was no time limit to apply for restoration. To address these gaps, Dominica amended the Companies Act to mandate the provision of legal ownership information upon restoration and establish a time limit of five years to apply for restoration.

Companies Act obligations on domestic companies and their possible restoration

60. Companies are required to maintain a register of shareholders at their registered office on an on-going basis, pursuant to the Companies Act. The register of shareholders must include all shareholders regardless of the percentage of equity held by the shareholder. A transfer of shares or the issuance of new shares is only completed upon registration in the register of shareholders; thus, the register of shareholders is up to date at all times. The company’s registered office must be located in Dominica. There are no provisions regarding the retention period for the articles of incorporation and the register of shareholders maintained by a company, so they must be retained as long as the company exists. Companies are also required to maintain a register of substantial shareholders (i.e. a shareholder who holds at least 10% of the voting rights, either directly or via a nominee). Failure to maintain these registers is punishable with a fine of XCD 5 000 (EUR 1 692). Every officer of the company permitting this non-compliance is liable to the same fine.

61. In addition, companies are required to submit an annual return to the Registrar before 1 April of each year. The return must contain the information on the legal owners of the company as of 31 December of the previous year. Any information filed with the Registrar is kept for six years from the date it is received. Failure to submit this information is punishable with a fine of XCD 5 000 (EUR 1 692).⁷ Every officer of the company permitting this non-compliance is liable to the same fine.

62. A company may cease to exist voluntarily, or by court order in exceptional cases listed in the Companies Act. The Registrar is empowered to strike off from the register inactive companies, defined in Dominica as companies that are not carrying on business or that are not in operation (see paragraph 80), and companies failing to comply with their obligations. Under the Companies Act, the legal personality of a company is linked to its registration; thus, a company that is struck off from the register is thereby

7. See paragraphs 40-44 of the 2020 Report for details.

dissolved, meaning that it ceases to exist for legal purposes. In case of voluntary dissolution or dissolution by a court order, the official receiver or the liquidator, as the case may be, must keep all relevant information, including the legal ownership information, for at least five years. The liquidator must be located in Dominica and before taking up duty must be authorised by the Registrar, in case of voluntary liquidation, or by the Court, in case of court proceedings (s. 394, Companies Act). Where a company is struck off by the Registrar due to inactivity or non-compliance, there is no liquidator involved; however, legal ownership information on the company being struck off would be available with the Official Receiver (s. 389 Companies Act) as well via the information provided to the Registrar upon incorporation and updated every year (see paragraph 61). Moreover, if the struck-off company wishes to re-start operations or otherwise regain legal personality, it would have to provide the legal ownership information to the Registrar (see paragraph 65).

63. Where a company is being wound-up voluntarily, or by a court order, a liquidator will be appointed either by the company, in case of voluntary dissolution, or by the court. The liquidator is charged with disposing of the company's assets by setting-off the company's liabilities (tax claims and wages take precedence over other debts), and then passing on any remaining assets to the company's shareholders proportionally. The property of any assets that cannot be passed on to a creditor within a six-month period will be vested in the court. Once all the assets have been disposed, the Registrar will strike off that company from the register, and the company is thereby dissolved. Where the Registrar strikes-off from the register an inactive or non-compliant company, that company is immediately thereby dissolved, and all of its assets are transferred to the Official Receiver (Companies Act, s 484), which is a public official attached to the court for bankruptcy. The Official Receiver must hold custody of the available ownership and accounting information on the relevant entity. Any of the company's creditors that feel aggravated may apply to the court for payment of its credit.

64. The 2020 Report found that companies that have been struck off from the register may be restored under two possibilities. First, restoration was possible within 20 years, under a court procedure, provided that the company satisfies the conditions prescribed by the court and pays a restoration fee (Companies Act, s. 483(5)). However, these conditions, including the requirement of providing legal ownership information upon restoration, were not expressed in the legislation. Second, a company can be restored by the Registrar upon application (Companies Act, s. 511). However, there was no clear time limit to apply for restoration, and there was no obligation to provide legal ownership information upon restoration.

65. These deficiencies have been addressed by Dominica. Since 7 July 2021, a company can only apply for its restoration (either via the court procedure or application to the Registrar) within five years from the date

that the company was struck off from the register, and it must provide its legal ownership information upon restoration (Companies Act, ss. 483(6), and 511(5)). Before restoring a company, the Registrar must be satisfied that all relevant information has been submitted. Dominica's authorities explained that the rationale behind the five-year limit is to match it to the retention period following dissolution.

66. Once a company is restored in the register, it regains legal personality and that company, as well as any other persons, must be placed in a position as nearly as may be as if the company had not been struck off from the register. Any undisposed asset held by the court or the Official Receiver (see paragraph 63) will be transferred back to the company.

67. Since the amendment was enacted, one company has applied for restoration. The company was not restored because the additional information required from the applicant was not provided, and the Registrar was not satisfied that all legal ownership information had been provided. During the onsite visit, Dominica's officials described in detail the procedure for the revival of entities. Moreover, Dominica informed that the relevant officials of the Registrar have received training on this procedure.

68. Therefore, the recommendation made in the 2020 Report regarding the restoration of companies has been addressed by Dominica. Dominica should monitor that the restoration process continues being adequately applied (see Annex 1).

69. There have been no changes with regards to the legal and regulatory framework providing for the availability of legal ownership information of external companies, which are obliged to register with the Registrar and keep a register of shareholders, in the same terms as domestic companies (see paragraphs 60-61). This framework is in line with the standard (see also the 2020 Report, paragraphs 47-50).

Closure of the International Business Companies sector

70. At the time of the 2020 Report, the International Business Companies Act (IBC Act) governed the availability of legal ownership information with respect to IBCs, i.e. companies incorporated under Dominica's law but not carrying out activities in Dominica. IBCs and their registered agents were required to keep the legal ownership information. IBCs were also required to register with the Registrar. The latter had the power to strike off from the register inactive IBCs (i.e. IBCs that were not carrying on business or that were not in operation), which entailed losing their legal personality.

71. While, as of March 2020, there were 20 466 IBCs registered in Dominica with only 483 IBCs being active (i.e. less than 3%), the Registrar

had not used its powers to strike off any inactive IBC. This raised concerns with regards to the availability of ownership information for IBCs. Therefore, Dominica was recommended to sufficiently exercise its enforcement powers in this regard. Dominica was also recommended to review its system whereby a significant number of inactive companies, including IBCs, remained with legal personality in the register, with a view to ensure that ownership information be always available.

72. During 2021, Dominica's authorities conducted inspections which resulted in striking off from the register 6 226 inactive or non-compliant IBCs. As these inspections revealed a high number of inactive IBCs, and a low level of compliance, Dominica repealed the IBC Act. The IBCs Repeal Act was published on 5 July 2021 and entered into effect on 31 December 2022. IBCs were allowed to apply to become domestic companies between these two dates. IBCs not applying would lose their legal personality and be dissolved. All IBCs had to have a registered agent in Dominica. The last registered agents of the dissolved IBCs are required to retain all records regarding their former IBC clients, including the legal ownership information, for at least five years from the dissolution of the IBC (i.e. from 31 December 2022). Dominica's officials consider that if the registered agent is a company being dissolved, then the liquidator of that company would continue retaining the information on the former IBCs clients for at least five years, as such information would be considered "books and papers" of the dissolved entity (s. 477(2), Companies Act).

73. Only 8 IBCs applied to be treated as domestic companies and 14 196 IBCs were struck off from the register and thereby immediately dissolved. The assets of the dissolved IBCs were transferred to the Official Receiver. Any of the IBC's creditors that feel aggravated may apply to the court for payment of its credit. However, IBCs cannot apply to be restored under the Companies Act. Therefore, there are no more IBCs in Dominica. Recommendations related to IBCs have been addressed.

Supervision by the Registrar and inactive companies

74. The Registrar is the main authority with powers to oversee obligations related to the availability of legal ownership information, including the obligations to submit annual returns and to maintain a register of shareholders. The 2020 Report found that the Registrar functioned merely as a repository of information with extremely limited supervision activities due to its limited resources. During the previous review period:

- The Registrar did not conduct any supervision activities (nor imposed sanctions) on the obligation to maintain the register of shareholders.

- The Registrar did not use its powers to strike from the register non-compliant or inactive companies, notwithstanding their significant number (including IBCs).

75. Dominica was recommended to sufficiently exercise its enforcement powers when needed to ensure the availability of ownership and identity information in all cases. Dominica was also recommended to review its system whereby a significant number of inactive companies remain with legal personality on the register, to ensure that ownership information is available.

76. Since the 2020 Report, Dominica has taken steps to address these recommendations. During 2021, Dominica established a Compliance Unit. The Compliance Unit works under the direction of the Registrar and has five officers, including a Head of Compliance, a Senior Officer, an IT officer, and two Compliance Clerks, which are assigned to follow up on specific companies.

77. The table below shows, by year,⁸ the total number of entities registered with, the number of entities submitting annual returns to, and the number of compliance activities carried out by, the Registrar.⁹

Registrar	2019	2020	2021	2022
Entities registered	4 196	4 349	4 545	4 205
Entities not obliged to submit annual return ¹⁰	824	817	892	950
Entities obliged to submit annual return	3 372	3 532	3 653	3 255
Entities that submitted annual return	294 (8.7%)	300 (8.4%)	367 (10%)	832 (25.5%)
Entities that failed to submit their annual return	3 078 (91.3%)	3 232 (91.6%)	3 286 (90%)	2 423 (74.5%)
Inactive or non-compliant entities for which enforcement procedures were initiated	0	0	215	1 945
Defunct company process	0	0	0	1 525 (1 378 struck off in 2023)
Default on obligations process	0	0	215 (all of them struck off in 2022)	420 (317 struck off in 2023)

78. The enforcement procedures against inactive or non-compliant companies can overlap two years. Out of the 2 423 entities that failed to submit their annual return as of 31 December 2022, Dominica initiated the

8. The numbers show in the table are as of 31 December of each year.

9. The table does not include information on IBCs (see paragraph 73).

10. This includes not only non-profit entities (see paragraph 56) but also governmental entities not considered as companies but registered with the Registrar.

process to strike off from the register 2 160 entities, i.e. 89% of them, either through the “defunct company process” (1 525 entities) or the “default on obligation process” (635 entities). As of 30 June 2023, 1 910 inactive or non-compliant entities have been struck off from the register and, thus, lost their legal personality: 1 378 entities through the “defunct company process” and 532 entities through the “default on obligation process”. Dominica further advised that, with respect to the remaining 263 companies¹¹ that did not submit their annual return as of the end of 2022, the Registrar is in the process of determining if the entity is “defunct” or not, in order to determine which process would be applicable (see below).

79. During the onsite visit, the staff of the Compliance Unit provided a detailed explanation on their supervisory functions and enforcement powers. Particularly, they explained the defunct company process and the default on obligation process used to enforce compliance by striking off non-compliant or inactive companies.

80. The defunct company process (Companies Act, s. 483) is applied where the Registrar has reasonable cause to believe that a company is defunct, i.e. not carrying business or in operation. The Registrar sends a letter to the company, inquiring whether it is in operation. If no answer is received within one month, the Registrar sends a follow-up letter to the company. If no answer is received within one month, or if an answer confirms that the company is defunct, the Registrar sends a third letter and orders a publication in the official gazette stating that the company will be struck off from the register at the expiration of a three-month period following the publication in the official gazette. The staff of the Compliance Unit further explained that, to have “reasonable cause to believe that a company is defunct”, the Registrar conducts investigations, including trying to reach out to the company’s listed administrators or representatives and visiting the registered office of the company.

81. The Compliance Unit initiated this process in 2022 with respect to 1 525 companies by sending them the letters.¹² The defunct company process generally takes in total approximately seven months. As of 30 June 2023, 1 378 companies have been struck off following this procedure (i.e. 90% of the entities subject to this process).

82. The default on obligations process (Companies Act, s. 511) is applied where a company fails to submit an annual return or pay fees for at

11. The figure 263 is the difference between 2 423 entities that failed to submit annual returns as of 2022, and 2 160 for which formal compliance and enforcement procedures have already been initiated.

12. The staff of the Compliance Unit further informed that these letters were not sent until 2022 because they need to be sent through the postal service, which had its services interrupted during 2021 due to the COVID-19 pandemic.

least one year. The Registrar sends a notice to the company stating that if it does not remediate the non-compliance within 30 days, the company will be struck-off from the register. This process generally takes approximately two months. However, the staff of the Compliance Unit indicated that, if there is reasonable cause to believe that the non-compliant company is defunct, then it is not possible to apply the “default on obligation process” and the “defunct company process” will need to be followed. The same investigations as above are performed to establish the “reasonable cause” (see paragraph 80).

83. The Compliance Unit initiated this process with respect to 635 companies (215 during 2021 plus 420 during 2022). As of 30 June 2023, 532 companies have already been struck off from the register following this procedure (i.e. 83% of the entities subject to this process).

84. The number of companies submitting the annual return increased by 120% from 2021 to 2022. While the compliance rate remains low (25.5% as of 31 December 2022), the Registrar has already exercised its supervision powers and applied sanctions by initiating the process to strike off from the register about 90% of the non-compliant or inactive companies, most of which have already been struck off. Moreover, Dominica has repealed the IBC sector (see paragraphs 70-73), which further addresses the concern on inactive entities. Therefore, Dominica has addressed the recommendation made in the previous report with respect to reviewing its system whereby a significant number of inactive companies retained its legal personality. Dominica’s officials assured that the Registrar will continue exercising its powers to strike-off from the registrar inactive and non-compliant entities on an ongoing basis. Dominica should monitor that the process to strike off non-compliant or inactive entities from the register continues being adequately applied in the future (see Annex 1).

85. Legal ownership information is reported on a yearly basis as of the end of the relevant year (see paragraph 61); however, there is no requirement to update this information upon any changes of legal owners. In addition, the level of compliance with submission of this information remains low. Accordingly, the only source of legal ownership information that must be up to date at all times is the register of shareholders kept by the companies. However, the Registrar has not yet carried out inspections nor applied sanctions regarding the companies’ obligation to keep the register of shareholders. While the IRD verifies compliance with this obligation during tax audits, the level of compliance activities carried out by the IRD is low, the cases for audits are selected based exclusively on tax-risk, and entities not submitting an annual tax return will not be subject to a tax audit (see paragraphs 184-187). Therefore, the review conducted by the IRD is not adequate to compensate the lack of supervision by the Registrar.

86. During the onsite visit, Dominica’s authorities explained that the compliance strategy of the Registrar is to first focus on striking off from the register non-compliant or inactive companies. After completing these activities, the Registrar intends to launch supervisions regarding the companies’ obligation to keep the register of shareholders. However, Dominica authorities did not provide an estimated date to begin such activities. **Dominica is still recommended to implement a regular and comprehensive monitoring system to ensure compliance by all relevant entities with obligations to maintain legal ownership information under Dominica’s law.**

Availability of beneficial ownership information

87. In Dominica, the source of beneficial ownership information rests on the AML framework. The corporate and tax laws do not require the identification of beneficial owners of companies, and therefore beneficial ownership information would be available under these laws only to the extent that the legal owners are the same as the beneficial owners of a company.

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Type	Corporate Law	Tax Law	AML Law
Domestic companies	None	None	Some
External companies (relevant)	None	None	All ¹³

Anti-Money Laundering framework

88. Dominica’s AML framework includes the Proceeds of Crime Act (PoCA) and the Money Laundering (Prevention) Act (MLPA), as well as the Anti Money Laundering and Suppression of Terrorist Financing Code of Practice (Code of Practice). The Code of Practice has the status of binding secondary legislation.

Coverage of companies

89. Financial institutions, as well as persons carrying on a scheduled business (e.g. lawyers, accountants and notaries) are subject to AML obligations and they are obliged to perform due diligence procedures in order to

13. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obliged service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

identify the beneficial owner(s) of their customers, update the information, and retain it for at least seven years.

90. However, the 2020 Report found that there is no legal requirement on all relevant entities, including companies, to have an ongoing relationship with an AML-obliged person. Thus, beneficial ownership information may not be available in all cases in accordance with the standard.

91. Dominica has not amended its legal and regulatory framework to require the identification of beneficial owners of all relevant entities and arrangements in accordance with the standard. During the onsite visit, Dominica's authorities confirmed that there is no legal or regulatory obligation for all relevant entities and arrangements to have an ongoing business relationship with an AML-obliged person. Dominica did not provide the number of entities that have an ongoing relationship with an AML-obliged person in practice (e.g. the number of companies with an active bank account).

92. Therefore, beneficial ownership information may not be available in all cases. As recommended in the 2020 Report, **Dominica is recommended to ensure the availability of adequate, accurate and up-to-date information on the beneficial owners of all companies, in accordance with the standard.**

Definition and method to identify beneficial owners

93. The 2020 Report found that, pursuant to the Code of Practice, a beneficial owner is the natural person who ultimately owns or controls a customer or on whose behalf a transaction is conducted and includes (i) a natural person who ultimately owns or controls, whether directly or indirectly, 10% or more of the shares or voting rights in the legal person, or (ii) a natural person who otherwise exercises control over the management of the legal person. However, it was not clear whether the reference to “control over the management of the legal person” captured individuals exercising control through means other than ownership interest or if it captured the senior managing official. In addition, the reference to “a natural person” raised doubt as to whether all the relevant persons meeting the criteria must be identified or only one person would suffice. The law did not explicitly require identifying the senior managing officer in case it was not possible to identify the beneficial owner based on beneficial ownership interest or control by other means.

94. Therefore, Dominica was recommended to ensure that the legal and regulatory framework requires all beneficial owners to be identified in accordance with the standard.

95. To address this recommendation, Dominica amended its Code of Practice on 14 July 2021. The term “beneficial owner” is now defined as:

The natural persons who ultimately owns or controls an applicant for business or a customer or on whose behalf a transaction or activity is being conducted

96. In accordance with section 2(a) of the Code of Practice, in the case of legal persons, the term beneficial owner includes (changes emphasised):

- (i) except for a company whose securities are listed on a recognised stock exchange, *any* natural persons who ultimately owns or controls, whether directly or indirectly 10% or more of the shares or voting rights in the legal person; or
- (ii) any natural person who exercises *control over the legal persons through other means*;
- (iii) *In cases where exceptionally a natural person cannot be identified as exerting control through beneficial ownership or control by other means, the natural person who holds the position of senior managing official or senior management should be identified.*

97. It is now clear that “any” individual who meets the definition must be identified, i.e. all of them. Dominica now follows a simultaneous approach for the identification of the beneficial owners as all natural persons exerting control through legal ownership interest or control by other means must always be identified. Dominica’s authorities confirmed this during the onsite visit and explained that beneficial ownership interest would capture situations where two or more natural persons are acting together by considering that such natural persons are holding the beneficial ownership interest indirectly. Dominica’s officials also informed that control through other means includes, but is not limited to, legal as well as *de facto* arrangements that would allow one or more individual(s) to exert control over a company. Dominica’s officials further informed that this explanation is also communicated to AML-obliged persons through the sensitisation activities (see paragraph 116), which was confirmed by the representatives of banks and other AML-obliged persons during the onsite visit. Such representatives also describe the definition and method to identify the beneficial owner in a manner consistent with the standard, in particular in cases where the beneficial owner exerts control over a company by means other than equity.

98. Additionally, the Code of Practice now requires identifying the senior managing officer as a backstop provision, where it is not possible to identify the beneficial owner due to beneficial ownership interest or control by other means.

99. The definition of and method to identify the beneficial owners of companies provided by the Code of Practice is now in line with the standard.

Anti-money laundering requirements

100. The 2020 Report found that the requirements on AML-obliged persons to identify, verify, update, and maintain the information on the beneficial owners of their customers were consistent with the standard. These requirements remain the same in the context of this report. Under the Code of Practice, AML-obliged persons are required to:

- carry out due diligence procedures to identify their customers (CDD)¹⁴ when establishing a business relationship¹⁵
- update the CDD, including the beneficial ownership information, whenever they become aware of a change in the information previously collected or if they have doubts about its veracity or adequacy, and at least once every year in respect of high-risk clients, and once every three years in respect of normal or low risk clients. The CDD must also be updated if the customer conducts high-risk transactions.
- identify the beneficial owner of their clients as part of their CDD, even in cases of simplified CDD for low-risk clients
- use reliable evidence to verify the information obtained through their CDD.¹⁶

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14. Instead of conducting their own CDD, AML-obliged persons may rely on a written introduction of a customer (Code of Practice, s. 33), provided that the following conditions are met: (A) the AML-obliged person is satisfied that the introducer (i) has a business relationship with the client, (ii) has conducted CDD and verified the information with respect to the customer, and (iii) is also subject to AML regulations requiring to conduct CDD; and (B) the AML-obliged person (i) verifies the adequacy of the CDD of the introducer, and (ii) undertakes in writing that the introducer must provide the AML-obliged person with the CDD and supporting documentation maintained in respect of the introduced customer whenever requested. Together with the letter of introduction, the introducer must provide to the AML-obliged person the information on the identity and beneficial ownership information of the customer. The AML-obliged person remains responsible for the CDD obligations.
15. As an exception, the CDD may be completed after establishing the business relationship, where necessary to not disrupt the ordinary course of business, provided that the verification is completed within 30 days and the AML risk is low (Code of Practice, s. 25(2)). Where the AML-obliged person is not able to complete the CDD within the 30 days period, the AML-obliged person must terminate the business relationship and inform the FSU (Code of Practice s. 25(2)).
16. In the case of legal persons, this includes the articles of incorporation (or equivalent), copies of the powers of attorney granted by the entity, and any other additional document essential to the verification process (Code of Practice, s. 27(4)). Where the AML-obliged persons rely on a copy of a document presented by the customer, they must ensure that the document is properly certified (Code of Practice, s. 32(1)).

- Ensure that the information and records obtained through their CDD are kept in a legible form for at least seven years after the termination of the business relationship or transaction.

101. During the onsite visit, the representatives of the banking sector, as well as representatives of other AML-obliged persons informed that they would refuse to enter in a business relationship or would cease a business relationship if a customer does not provide sufficient information to enable the identification, verification, and update of the beneficial ownership information. In such a case, they would also inform the FSU. They also indicated that, while the retention period provided by law is seven years, they retain their CDD files including beneficial ownership information indefinitely.

102. In accordance with the Code of Practice, failing to comply with these obligations is punishable with a fine ranging from XCD 50 000 (EUR 16 925) to XCD 250 000 (EUR 84 625) or to imprisonment for a term of up to three years. Employees, directors, owners or other authorised representatives of the AML-obliged persons may also be subject to these sanctions. Failure to comply with CDD obligations may also lead to the revocation of the licence of the AML-obliged person.

Changes in responsibility for enforcement and oversight

103. In the previous report, the Financial Services Unit (FSU) was the body responsible for monitoring the compliance of AML-obliged persons with the CDD requirements. It acted as both the AML supervisory authority and the financial sector supervisor. Oversight of IBCs was also delegated to the FSU. The 2020 Report indicated that while the FSU conducted few inspections during the review period, there were no specific statistics on these inspections and no sanctions had been applied. In addition, while lawyers and accountants were subject to the AML laws, no supervision of either profession had been carried out during the previous review period.

104. Therefore, Dominica was recommended to put in place a monitoring regime of lawyers, notaries and accountants to ensure that beneficial ownership information in line with the standard is available with these professionals. Also, Dominica was recommended to sufficiently exercise its enforcement powers when needed in order to cover all relevant persons and to ensure the availability of beneficial ownership information in all cases.

105. Since 2020, the supervision of the implementation of CDD has been divided between the ECCB with respect to commercial banks, and the FSU with

Dominica's officials further explained that the AML-obliged person must verify the relevant information supporting the type of control exerted by the beneficial owner of a customer (e.g. control by beneficial ownership interest, or control by other means).

respect to other financial institutions (e.g. offshore banks and credit unions) as well as other AML-obliged persons, such as lawyers, accountants and notaries.

Enforcement and oversight of commercial banks

106. The ECCB supervises CDD obligations in five¹⁷ jurisdictions with a total of 26 supervised entities, 3 of which are commercial banks located in Dominica. The ECCB is staffed with nine officers fully dedicated to compliance activities and supported by other departments within the ECCB.

107. During the onsite visit, the ECCB's staff explained that their AML supervision strategy is based on risks. The ECCB would establish and update the level of risk of the bank in an ongoing basis. There would be a link between the bank's risk assessment and the level of supervision. The inspections would focus on areas of identified risks. The compliance and enforcement activities of the ECCB are informed by a National Risk Assessment with respect to each jurisdiction. The 2021 risk assessment related to domestic banking sector in Dominica was considered as medium-high for money laundering.

108. Supervision activities conducted by the ECCB can take the form of offsite surveillance, which includes reviewing the periodic reports submitted by commercial banks, as well as onsite inspections, which include reviewing information and underlying documentation, with respect to specific areas identified with a higher risk. There are five core examination areas that the ECCB will review during its inspections:

- AML governance (policies and procedures)
- CDD, including the identification of beneficial owners
- updating of CDD information
- wire transfers
- reporting and record retention.

109. Where non-compliance is identified during the inspections, the ECCB may:

- conclude a written agreement pursuant to which the bank acknowledges the non-compliance and commits to address it within a specific time frame
- issue a written reprimand to the bank, stating that if the non-compliance is repeated, monetary sanctions or revocation of licence may apply

17. Antigua and Barbuda, Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines.

- issue directives to the bank to cease and desist any practice that results in non-compliance with CDD obligations. The ECCB would also inform that if the directive is not complied with, monetary sanctions or revocation of licence may apply
- apply monetary sanctions
- revoke the licence of the bank.

110. Where the ECCB concludes a written agreement with, or issues reprimands or directives to a bank, it would follow up to verify if the non-compliance has been addressed or if it is in the process of being addressed. If the bank has not addressed the non-compliance or has not taken sufficient steps to address it, the ECCB would escalate its enforcement powers and would apply monetary sanctions and/or would revoke the licence of the bank.

111. During the review period, the ECCB conducted onsite inspections on all three licensed commercial banks in Dominica. The onsite inspections included verification of compliance with CDD obligations. In particular, the ECCB verified that appropriate CDD policies and procedures were implemented, including those related to the identification of beneficial owners of customers. In addition, the ECCB verified that the identification of beneficial owners of customer is consistent with the definition and method to identify beneficial owners, as provided by Dominica's Code of Practice, and is supported by underlying documentation which must be reliable independent sources, for example articles of incorporation (or equivalent), copies of the powers of attorney granted by the entity, and any other additional document essential to the verification process.

112. As a result of the inspections, the ECCB identified non-compliance with CDD obligations and concluded written agreements with two licensed commercial banks. The ECCB has followed-up with both financial institutions: one has fully addressed the identified non-compliance and the other one is in progress of addressing it.

113. During the onsite visit, the ECCB's officials explained that, considering that the commercial banks in Dominica have demonstrated a high level of commitment in addressing the deficiencies identified, the ECCB has not deemed necessary to further escalate its enforcement powers, e.g. by issuing monetary sanctions or revocation of licences. However, the ECCB did not confirm whether it has ever applied monetary sanctions or revocation of licences in practice. Dominica should monitor that adequate and dissuasive sanctions are applied in practice, where appropriate, to ensure the availability of adequate, accurate and up-to-date beneficial ownership information (see Annex 1).

Enforcement and oversight of other AML-obliged persons

114. The FSU supervises financial institutions other than commercial banks (e.g. offshore banks and credit unions), as well as other AML-obliged persons, such as lawyers, accountants and notaries. The FSU is staffed with eight officials.

115. During the onsite visit, the FSU's staff explained that the supervision activities of the FSU with regards to CDD obligations are based on money laundering risk. The risk assessment that informs the overall strategy of the FSU is updated on an ongoing basis and, at least, once every year. In particular, the FSU has included lawyers, accountants and notaries for purposes of conducting its risk assessment.

116. The main activities of the FSU with regards to CDD obligations include:

- Awareness activities, such as delivering trainings or sensitisation events, as well as issuing guidance with regard to CDD obligations, including with respect to the obligation to identify the beneficial owner of customers. The FSU particularly focused on lawyers, accountants and notaries. These workshops covered record keeping obligations, CDD requirements, as well as identification of the beneficial owners of customers. Particularly, the FSU conducted 10 events targeted to lawyers, accountants and notaries.
- Inspections, including with respect to the obligation to identify the beneficial owner of customers, which can be desk-based or onsite inspections, depending on the level of risk of the AML-obliged person.
- Proposing to the government legislative amendments or changes of policies with regard to the AML framework. For example, following the inspections on IBCs during 2021, the FSU recommended the government to repeal the IBC sector (see paragraphs 70-73).

117. Before the repeal of the IBC sector, the FSU was charged with supervising 20 466 IBCs, in addition to financial institutions (other than commercial banks), lawyers, accountants and notaries. Since the IBC sector was repealed, the FSU now focuses its compliance activities on a significantly lower number of supervised AML-obliged entities. As of 31 December 2022, there were 59 financial institutions (other than commercial banks), 26 lawyers, 6 accountants and 4 notaries supervised by the FSU.¹⁸

118. In practice, during the review period, the FSU carried out 165 verifications on licensed financial institutions (other than commercial banks), i.e. on average 76% of all financial institutions were verified per year. More

18. The FSU also supervises and has conducted verifications activities on registered agents obliged to keep information on their former IBC clients (see paragraph 191).

than half of the reviews were onsite inspections and the rest were desk-based inspections. The inspections included verification of compliance with CDD obligations by reviewing policies and procedures, as well as underlying documentation (customer's files). As part of reviewing the customer's files, the FSU verifies that the identification of beneficial owners of customers is consistent with the definition and method to identify beneficial owners, as provided by Dominica's Code of Practice, and is supported by underlying documentation which must be reliable independent sources, for example articles of incorporation (or equivalent), copies of the powers of attorney granted by the entity, and any other additional document essential to the verification process.

119. The FSU issued 60 reprimands by means of which the FSU alerted the financial institution of the identified non-compliance and directed that, if the non-compliance persists, other sanctions may be applicable; applied 1 monetary sanction amounting XCD 75 990 (EUR 25 723); and revoked the licence of 4 offshore banks.

120. The FSU conducted 76 verifications on lawyers (approximately 68% of all lawyers verified per year); 12 on accountants (approximately 50% of all accountants verified per year); and 9 on notaries (approximately 50% of all notaries verified per year). During the onsite visit, FSU's officials informed that, as a first stage, these verification activities on lawyers, accountants and notaries aimed to promote awareness on compliance with CDD obligations rather than applying monetary sanctions. The FSU issued specific guidelines to help lawyers, accountants and notaries to comply with their CDD obligations. Dominica should monitor that adequate and dissuasive sanctions are applied in practice, where appropriate, to ensure the availability of adequate, accurate and up-to-date beneficial ownership information kept by non-financial AML-obliged persons (see Annex 1).

121. In conclusion, Dominica has broadened the coverage and scope of inspections with regards to the availability of beneficial ownership information and, therefore, has addressed the recommendation made in the 2020 Report in this regard.

Availability of ownership information in EOIR practice

122. During the review period, Dominica received one request for beneficial ownership information with respect to a company. Dominica provided both legal and beneficial ownership information in respect of the concerned company. The peer was satisfied with the response.

Nominees

123. The 2020 Report concluded that the legal and regulatory framework regarding the availability of legal and beneficial ownership information in cases of nominee arrangements was in place in Dominica. However, the supervision activities conducted with respect to AML-obliged persons other than financial institutions did not ensure the availability of legal and beneficial ownership information in practice. Dominica acknowledged that information on persons in respect of whom nominees were acting was not available in cases where the nominee was not a financial services institution. Therefore, Dominica was recommended to ensure that the requirements in respect of nominee shareholders were effectively supervised and enforced.

124. Pursuant to the Companies Act, the persons entered in the company's register of shareholders are considered the legal owners of the shares. However, while Dominica's legal tradition recognises the concept of nominee shareholder, only substantial shareholders, defined as any person holding, directly or through a nominee, at least 10% of the voting rights of a company, are required to provide a notice to the company identifying themselves and their nominees. In all other cases, where a person is holding shares through a nominee, there is no explicit requirement to disclose to the company the status of the nominee nor the identity of the nominator.

125. Under the AML framework, all nominees acting by way of business are AML-obliged persons and subject to CDD requirements, including the identification of their clients (the nominators) and the beneficial owners of their clients. However, there is no requirement on all relevant companies to have an ongoing relationship with an AML-obliged person and there is no obligation to use the nominee services of an AML-obliged person. Moreover, the AML framework does not require to disclose to the company the status of the nominee nor the identity of the nominator.

126. Accordingly, pursuant to Dominica's legal and regulatory framework, where a legal owner acts on behalf of another person as a nominee or under a similar arrangement, the identification of that other person (the nominator) is not required to be disclosed to the company in all cases but only where that other person (the nominator) holds at least 10% of the voting rights of a company. Where a legal owner acts on behalf of another person as a nominee or under a similar arrangement, and that other person (the nominator) is the beneficial owner of a company having a relationship with an AML-obliged person, then such other person must be identified by the AML obliged person; however, even in such a case, the identification of the nominator depends on the thoroughness of the customer due diligence process performed by the AML obliged person.

127. Therefore, **Dominica is recommended to ensure that all nominee shareholders disclose their status, as well as the information on the nominator, to the company.**

128. With respect to implementation in practice, during the review period, the FSU conducted verification activities on, as well as sensitisation workshops for, AML-obliged persons, particularly lawyers, accountants and notaries. Dominica's authorities indicated that during such verifications no cases of nominee arrangements were identified (see paragraphs 115-121). During the onsite visit, FSU's officials explained that in verifying the identification of beneficial owners of a company, the FSU would review the underlying documentation of the CDD to confirm whether the client is acting on behalf of another person and whether there is an indication that there is one or more nominees in the chain of ownership. Moreover, the guidance issued, and workshops delivered to AML-obliged persons other than financial institutions included reference to the obligation to identify the beneficial owners of their clients even in cases of nominee arrangements.

129. Representatives of the AML-obliged persons explained that, as part of their CDD, they establish if their clients are acting on behalf of another person (i.e. if the client is a nominee) and/or if there is one or more nominees in the client's chain of ownership. In such a case, the nominator is also identified as a client and considered for purposes of identifying the beneficial owner of the client, respectively. The representatives of AML-obliged persons further indicated that they have not acted as nominees.

130. Therefore, Dominica has addressed the recommendation made in the 2020 Report in respect of supervision of nominee arrangements involving AML-obliged persons. Once Dominica has implemented the recommendation above related to the legal framework, it will have to ensure that it is properly implemented in practice.

A.1.2. Bearer shares

131. The 2020 Report found that only IBCs were allowed to issue bearer shares in Dominica. Dominica repealed the IBC Act in 2023 (see paragraphs 70-73). None of the eight IBCs that applied to be converted into a domestic company had issued bearer shares. There are no longer any bearer shares in Dominica and it is no longer possible to issue bearer shares.

A.1.3. Partnerships

132. The Registration of Business Names Act (RBNA) defines a partnership as an unincorporated body of (i) two or more individuals, (ii) one or more individuals with one or more corporations, or (iii) two or more corporations, who have entered into partnership agreement with one another with a view

to carrying on business for profit. Foreign partnerships are subject to the same registration and annual reporting requirements as domestic companies (see paragraphs 54-69). While partnerships do not have legal personality in Dominica, partnerships organised under Dominica's law, as well as foreign partnerships that have income and/or deductions for income tax purposes in Dominica, or otherwise wish to conduct business in Dominica, must be registered with the Registrar of Companies in order to be able to operate. As for companies, the Registrar is empowered to strike off from the register inactive or non-compliant partnerships, which entails the inability of that partnership to operate pursuant to Dominica's law.

133. The 2020 Report concluded that Dominica's legal and regulatory framework largely provides for the availability of partners information. However, it was found that the definition and method to identify the beneficial owners of partnerships was not in line with the standard. It was also found that, while Dominica relies on AML-obliged persons as the sole source of beneficial ownership information, there was no obligation on all relevant partnerships to have an ongoing relationship with an AML-obliged person. Therefore, Dominica was recommended to ensure that all beneficial owners of all relevant partnerships be identified in line with the standard. As for companies, the 2020 Report found that the supervision and enforcement activities conducted by Dominica did not ensure the availability of partners and beneficial ownership information on partnerships. Hence, Dominica was recommended to enhance its supervision and enforcement activities.

Partner information

134. Information on the partners is available in Dominica in accordance with the standard. Partnerships are required to register with the Registrar of Companies. In order to register, the applicant must provide a statement in writing containing identity information of all individuals or entities who are partners. The Registrar must be notified of any changes within 14 days, including a change of partners. Changes on partners will take effect only upon registration with the Registrar (RBNA, s. 10). Every partnership must submit an annual return to the Registrar, including information on its partners. Certain partnerships are also required to register with the IRD and notify the IRD of their partners within one month of commencement of business. Changes to this information must be notified within 15 days to the IRD. Partners information is kept by the Registrar for at least six years, even after cessation or de-registration of the partnership. According to Dominica, tax returns must contain information on all partners in addition to their percentage share of profits and losses. Taxpayers are required to maintain records, including tax returns, for seven years from the end of the tax period to which the records relate.

Beneficial ownership information

135. Dominica collects beneficial ownership information on partnerships through its AML framework. As for companies, partnerships have no obligation to have an ongoing relationship with an AML-obliged person. Therefore, **Dominica is still recommended to ensure the availability of adequate, accurate and up-to-date information on the beneficial owners of all partnerships** (see also paragraphs 89-92).

136. The 2020 Report also found that the definition of “beneficial owner”, in case of a legal arrangement, included “the partner or partners who control the partnership”. It was not clear whether it was required to identify beneficial owners behind partners that were not natural persons. Therefore, Dominica was recommended to ensure that all beneficial owners were identified in line with the standard.

137. Dominica amended its Code of Practice on 14 July 2021, to bring the definition and method of identification of the beneficial owners of partnerships in line with the standard. It now clearly stipulates that the beneficial owner is always a natural person. During the onsite visit, both Dominica’s authorities and representatives of AML-obliged persons confirmed that, where a partner is not a natural person, the AML-obliged person must look-through such partner to identify all beneficial owners of the partnership.

138. Dominica has addressed the recommendation made in the 2020 Report on the definition and method to identify the beneficial owners of partnerships.

Oversight and Enforcement and implementation in practice

139. During the previous review period, the Registrar as well as the FSU did not perform any active monitoring on the availability of identity information in relation to partnerships, notwithstanding the high level of inactive entities, including partnerships, and the Report concluded that the availability of identity and beneficial ownership information was not assured in practice. Therefore, Dominica was recommended to ensure the availability of partners and beneficial ownership information, notably by enhancing or putting in place oversight and enforcement activities.

140. The Registrar is the authority charged with the oversight and enforcement related to the availability of partners information. The same verification and enforcement activities carried out by the Registrar with respect to companies apply for partnerships (see paragraphs 74-84).

141. Both the ECCB and FSU are the authorities charged with oversight and enforce the availability of beneficial ownership information with respect to partnerships that are clients of AML-obliged persons. The

same verification and enforcement activities with respect to companies that are customers of an AML-obliged person apply for partnerships (see paragraphs 103-121).

142. Dominica does not maintain segregated statistics on the compliance activities conducted with respect to companies and partnerships.

143. Considering that the Registrar has concluded a large number of supervision and enforcement activities with respect to non-compliant or inactive entities, Dominica has addressed the recommendation made in the previous report with respect to inactive entities.

144. Likewise, considering the level of verifications activities on the availability of beneficial ownership information conducted by the AML supervisors Dominica has addressed the recommendation on the supervision of beneficial ownership information.

145. During the review period, Dominica did not receive any EOI requests related to a partnership and no peers raised any concerns.

A.1.4. Trusts

146. Dominica recognises the concept of trusts, which can be:

- Trusts created to dispose of the estate of a deceased person, generally created under the common law and the Trustee Act 1877. The trustee of these trusts must always be a resident in Dominica. These trusts must register with the FSU (Trusts and Non-profit Organisation Regulations, s. 7). There are no such trusts registered to date.
- Trusts created under the International Exempt Trusts Act 1997, which applies to trusts for which the settlors and beneficiaries are non-resident and trust property does not include any land situated in Dominica. At least one of the trustees must be licensed to engage in trust business and be: (i) a company incorporated under the Companies Act, (ii) a bank licensed under the Offshore Banking Act 1996, or (iii) a bank licensed under the Banking Act 1991. These trusts must register with the FSU (Trusts and Non-profit Organisation Regulations, s. 7). There are no such trusts registered to date.
- Any other trust organised under foreign law and the trustee of which is a resident in Dominica, or the trust is otherwise administered in Dominica (Trusts and Non-profit Organisation Regulations, s. 7(1)). These trusts must also register with the FSU. There are no such trusts registered to date.

147. The 2020 Report found that the definition and method to identify the beneficial owners of trusts was not in line with the standard. It was

also found that, while Dominica relies on AML-obliged persons as the sole source of beneficial ownership information, there is no obligation on all relevant trusts to have an ongoing relationship with an AML-obliged person. Therefore, Dominica was recommended to ensure that all beneficial owners of all relevant trusts be identified in line with the standard.

Identity information

148. As described in the 2020 Report, Dominica’s laws provide for the availability of identity information of the settlor, trustee(s), beneficiaries, and protector (as applicable) of trusts. With respect to trusts organised under the Trustee Act 1877, the information must be available with the trustee which, in any case, must be a resident in Dominica.

149. With respect to “normal or high risk” international exempt trusts, as well as other trusts organised under foreign law and the trustee of which is a resident in Dominica, or the trust is otherwise administered in Dominica, the information must be available with the trustee and in the register of trusts maintained by the FSU. The trustee must report to the FSU changes on the settlor, trustees, protectors (if any) and beneficiaries upon the occurrence of such changes, thus, the information kept by the FSU would be up to date. As the trustee must comply with the obligations with respect to the trust, where a trust ceases to exist or in case of cessation of the trustee, the trustee must keep the information on the trust for at least seven years after cessation (s. 47, Code of Practice). Dominica’s authorities consider that if the trustee is a legal person that ceases to exist, the liquidator of the entity must retain the information on the trust, as such information would be consider part of the “books and papers” of that legal person (s. 476, Companies Act). Additionally, in any case, the information would also be available as reported to the FSU.

150. Information related to “low risk” exempt trusts (i.e. trusts with a gross annual income of less than XCD 5 000 (EUR 1 692) or assets less than XCD 10 000 (EUR 3 385) (s. 2, Trusts and Non-profit Organisation Regulations) is not required to be kept or reported and, therefore, may not be available. However, the materiality of this gap continues to be very limited as there are no trusts registered in Dominica. Given the possibility that “low risk” exempt trusts may exist in the future, Dominica should ensure that identity information on such trusts be available in line with the standard (see Annex 1).

Beneficial ownership information

151. As described in the 2020 Report, the trustee of a trust organised under Dominica law (either under the Trustee Act 1877 or the International Exempt Trusts Act 1997) must be resident in Dominica.

152. Pursuant to Dominica's AML framework, trustees that are AML-obliged persons must identify the beneficial owners of their customers. Only certain entities can act as trustees of international exempt trusts (see paragraph 146) and the trustee of this type of trust must always be an AML-obliged person. However, with respect to other trusts, the trustee would only be an AML-obliged person to the extent that it conducts the trustee activity as a business.¹⁹ Therefore non-professional trustees of common law trusts and foreign trusts are not AML-obliged persons. Beneficial ownership on the trust they administer would be available to the extent they engage in a business relationship with an AML-obliged persons, but this is not mandatory. **Dominica is still recommended to ensure the availability of adequate, accurate and up-to-date information on the beneficial owners of all trusts in accordance with the standard.**

153. The 2020 Report found that while the method to identify the beneficial owners of a trust did require identifying the parties to the trust agreement, there was no requirement to identify the natural persons behind any participant in a trust that is not a natural person. Therefore, a recommendation was made to Dominica in this regard. The amendment made to the Code of Practice on 14 July 2021 has addressed this recommendation. The definition of and method to identify the beneficial owners of trusts now clearly states that the beneficial owners of the trust are the settlor, the trustees, the protector, the beneficiaries or class of beneficiaries, and any other natural persons that exerts control over the trust. The AML-obliged person must look-through any participant in a trust that is not a natural person, in order to identify the beneficial owner of the trust. During the onsite visit, the representatives of the banking sector, registered agents, and lawyers indicated that, while they have not encountered any trust in practice, they were aware of the new definition and method to identify the beneficial owners of trusts as the FSU has organised several sensitisation events to communicate the amendments made to the Code of Practice.

154. Dominica has addressed the recommendation relating to the definition and method to identify the beneficial owners of trusts.

Oversight and enforcement and implementation in practice

155. The supervision on availability of identity information on trusts is divided between the IRD, with respect to trusts carrying on taxable business in Dominica, and the FSU with respect to trusts not subject to tax (e.g. international exempt trusts and trusts not conducting business). The

19. A “business relationship” means a continuing arrangement pursuant to which an entity or a professional engages in business with the other party on frequent, habitual or regular basis (Code of Practice, s. 2(1)).

requirements on the availability of this information are described in paragraphs 148-150, which apply to any kind of trusts. The supervision of the availability of beneficial ownership information with regards to trusts lies with the ECCB and the FSU.

156. The oversight and enforcement powers of the IRD would be exercised through tax audits (see paragraphs 176-187), and the powers of the ECCB and the FSU are exercised through onsite and desk-based inspections (see paragraphs 106-121). During the review period, there were no trusts registered in Dominica. Therefore, no supervision with regards to the availability of identity information on trusts or with respect to controlling persons took place.

157. Dominica did not receive any EOI requests related to a trust and no peers raised concerns.

A.1.5. Foundations

158. Dominica's laws do not allow for the creation of foundations. In addition, the 2020 Report concluded that co-operative societies and friendly societies were not relevant to the work of the Global Forum (see paragraphs 162 and 163 of the 2020 Report). Co-operative societies are self-help, collectively owned and democratically controlled enterprises that act for their members on a not-for-profit basis (Co-operative Societies Act 2011, s. 2(1)). Friendly societies are societies organised for mutual benefit, insurance of farm animals, charitable or social purposes (Friendly Societies Act 1928, s. 5). The same conclusion is drawn in this report.

A.2. Accounting records

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

159. The 2020 Report concluded that Dominica's legal and regulatory framework on the availability of accounting information was in place. There have been no changes to such framework and the same conclusion is drawn from this report.

160. With respect to implementation of that framework in practice, the 2020 Report found deficiencies in oversight and enforcement activities conducted by the Inland Revenue Division (IRD), with respect to entities that are subject to tax, and the Financial Services Unit (FSU), with respect to entities or legal arrangements that are not subject to tax (e.g. IBCs, international exempt trusts such as trusts not conducting business in Dominica).

Considering these deficiencies, Dominica was rated as Partially Compliant with this element of the standard.

161. It was also found that the FSU did not impose any sanctions on registered agents and no IBCs were struck from the register for non-compliance, even considering the large number of inactive IBCs. Moreover, no supervision of trusts for the then new accounting obligations took place.

162. Effective 31 December 2022, Dominica repealed the IBC Act and there are no more IBCs in Dominica. The FSU continues supervising the availability of accounting information which should be held by the registered agents for five years beginning on the dissolution of the IBCs. During the review period, the FSU conducted inspections on all 16 registered agents and revoked the licences of 4 of them. There were no trusts registered in Dominica, thus, no inspections in respect of trusts took place. Therefore, Dominica has addressed the recommendation made in the 2020 Report with respect to supervision on the availability of accounting information on entities and legal arrangements that are not subject to tax (e.g. IBCs, international exempt trusts such as trusts not conducting business in Dominica).

163. Regarding the IRD, the 2020 Report found that inactive companies might be undetected by the tax authority. In addition, the level of compliance with submission of annual returns was low. The level of supervision was also low. This situation raised a concern on whether accounting information would be available in practice. Dominica was recommended to enhance its monitoring and enforcement practice to ensure the availability of accounting records.

164. During the review period, the level of compliance with submission of annual returns continued to be low with 41% of non-compliance, and it is not compensated by the level of supervision conducted by the IRD (with a coverage of approximately 4% of corporate taxpayers per year). In fact, the verification activities decreased by 67% compared to the previous review period, which was already low. Therefore, Dominica is still recommended to enhance its monitoring and enforcement practice to ensure the availability of accounting records.

165. During the review period, Dominica received no request regarding accounting information.

166. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Dominica to the availability of accounting information.

Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/ Underlying factor	Recommendations
<p>The availability of accounting information is provided for by a combination of corporate law and tax law requirements and is overseen by the tax authority. However, the level of compliance with the annual tax filing obligation is very low and is not compensated by the level of verification activities carried out and sanctions imposed by the tax authority. This raise concerns in respect to the availability of accounting information in accordance with the standard.</p>	<p>Dominica is recommended to enhance its monitoring and enforcement practice to ensure the availability of accounting records for domestic and foreign legal entities and arrangements, including for those that have ceased to exist.</p>

A.2.1. General requirements and

A.2.2. Underlying documentation

Domestic and external companies

167. As described in the 2020 Report, both domestic and external companies are required, under the Companies Act, to keep accounting records that are adequate to ascertain the financial position of the companies. These accounting records must be kept in the registered office of the company, which must always be located in Dominica. In case of liquidation, the accounting records must be kept by the liquidator (or the person to whom their custody is entrusted) for at least five years, in respect of domestic companies, and seven years, in respect of external companies, following the liquidation (see paragraph 62). While this retention period may be reduced by the High Court, this has not occurred in practice.

168. While the Companies Act does not expressly provide for the availability of underlying documentation, the tax law requires domestic and external companies to keep records or books of accounts as are necessary to reflect the true and full nature of transactions of the business. This includes the underlying documentation such as invoices, credit notes and debit notes whether issued or received, as well as customs documentation relating to imports and exports. Under the tax law, accounting records must be kept in Dominica for at least seven years, even in the case of liquidation. While this retention period may be reduced by the IRD, such instance has not occurred in practice. Domestic and external companies are also required to submit annual tax returns which include a copy of the financial accounts together with a reconciliation of the income.

169. Therefore, domestic and external companies are required to keep adequate accounting records for at least five years, even in the case of liquidation, including the underlying documentation. The accounting records information is available mainly in the registered office of the companies in Dominica, and certain information is held by the IRD, as the annual tax returns include the basic financial statements (e.g. balance sheet and profits and losses statement). Dominica should continue monitoring that the shorter retention period which may be granted by exception by the High Court or the IRD does not interfere with the availability of accounting information as required by the standard (see Annex 1).

170. Adequate sanctions for falling to comply with accounting record keeping obligations are in place with fines ranging from XCD 1 000 (EUR 339) to XCD 5 000 (EUR 1 692) (Income Tax Law, s. 115; Companies Act, s. 531).

International business companies

171. The 2020 Report concluded that the IBC Act ensured the availability of accounting records as IBC had to keep accounting records sufficient to record and explain their transactions and to accurately determine their financial position. Failure to keep and produce these records may result in a daily fine of up to XCD 279 (EUR 824). Since 31 December 2022, Dominica has repealed the IBC Act and there are no more IBC in Dominica. The registered agents remain obliged to keep the IBC's accounting information for five years beginning on the dissolution of the IBC (see paragraphs 70-73). Registered agents are still subject to the penalties provided by the IBC Act (s 4, IBC Repeal Act).

Partnerships and trusts

172. As described in the 2020 Report, pursuant to the Income Tax Act domestic or foreign partnerships carrying on business in Dominica are required to keep themselves, through their partners, accounting records and underlying documentation as are necessary to reflect the true and full nature of the transaction of the business for a period of seven years from the date of the transaction, even in case of cessation of the partnership. Failure to comply with this obligation is punishable with a fine ranging from XCD 1 000 (EUR 339) to XCD 5 000 (EUR 1 692) (Income Tax Law, s. 115).

173. Domestic trusts are required to keep accounting records and underlying documentation as are necessary to reflect the true and full nature of the transaction of the business and must also submit annual returns (see paragraph 168). Although international exempt trusts are not subject to tax law, they are required, under the International Exempt Trust Act and the Trusts and Non-Profit Organisations Regulations, to keep accounting

records and underlying documentation sufficient to record and explain the trust's transactions and accurately determine its financial position for at least seven years following the relevant transaction or termination of the trust. Failure to keep accounting records is punishable by a fine ranging from XCD 5000 (EUR 1 681) to XCD 20 000 (EUR 6 726) and up to six years of imprisonment.

Oversight and enforcement of requirements to maintain accounting records

174. The IRD is the main authority supervising the availability of accounting records through tax audits on entities that are subject to tax. The FSU supervises the availability of accounting records with respect to entities and legal arrangements that are not subject to tax. Following the repeal of the IBC Act, the FSU continues supervising the availability of their accounting information which should be held by the registered agents for at least five years beginning on the dissolution of the IBCs (see paragraphs 70-73).

175. Both the IRD and the FSU have proper powers to oversee and enforce the availability of accounting records obligations. However, the 2020 Report identified deficiencies in the supervision of both the IRD and the FSU.

Inland Revenue Division

176. In 2020, a significant number of companies registered with the Registrar (approximately 50%) were not registered for tax purposes. Many of the companies that were registered with the IRD were considered as inactive: 4 373 companies were registered for tax purposes, of which 2 672 (61.1%) were considered active (carrying on business). The 2020 Report concluded that there was a risk that the “inactive companies” could be carrying on business that does not require local registration and would be undetected by the tax administration.

177. In addition, during the previous review period, the level of compliance with the filing obligation was low, with 41% of the registered entities filing their tax returns (i.e. 1 817 companies).

178. The level of supervision of accounting keeping obligations was also considered low in the whole of the review period, with 1 775 tax audits (1 187 onsite audits and 588 desk-based audits) carried out by the IRD, which issued sanctions for XCD 98 761 (EUR 33 430).

179. These low levels of compliance and supervision raised a concern on whether accounting information would be available in practice. Therefore, Dominica was recommended to enhance its monitoring and enforcement

practice to ensure the availability of accounting records for all relevant domestic and foreign legal entities and arrangements.

180. As of 31 December 2022, the number of entities registered with the IRD is largely consistent with the number of entities registered with the Registrar. The discrepancy found in the previous review was up to 50%. During the onsite visit, Dominica’s authorities explained that, as there is no formal registration requirement before the tax authorities, the tax register is now fed directly with the information on entities registered with the Registrar and, therefore, the number of entities should be the same in both registers. Dominica’s officials further explained that there may be an up to 3% discrepancy in the registers at any given time which is attributed to lags in the process to replicate the updates made by the Registrar.

181. The level of compliance with the obligation to submit the annual tax returns has grown from 41% to 59%, but this is still low and not compensated by the verification activities conducted by the IRD.

182. The table below shows, by year,²⁰ the total number of entities registered, with the number of entities submitting annual tax returns to, and the number of tax audits activities carried out by, the IRD:

IRD	2019	2020	2021	2022
Entities registered	4 198	4 349	4 545	4 205
Entities not obliged to submit annual return	819	843	871	925
Entities obliged to submit annual return	3 379	3 506	3 674	3 280
Entities that submitted annual return	1 587 (46.9%)	1 851 (52.7%)	1 914 (52%)	1 189 (36.2%)
Entities that failed to submit annual return	1 792 (53.1%)	1 665 (47.3%)	1 760 (48%)	2 091 (63.8%)
Entities audited	276 (6.6%)	125 (2.9%)	152 (3.3%)	235 (5%)
Onsite audits	129	50	71	134
Desk-based audits	147	75	81	101

183. The number of tax audits conducted during the review period (788) has decreased by 55% compared to the previous peer review period (1 775), which was already considered low. Onsite inspections conducted during the review period (384) decreased by 67% compared to the previous review period (1 187) and desk-based inspections (404) decreased by 31% compared to the previous review period (588). During the review period, the IRD applied one penalty with respect to the obligation to keep accounting records.

20. The numbers shown are as of 31 December of each year.

184. The IRD's officials informed that entities subject to tax audits are selected exclusively based on tax-risk. A concern is that only entities that did submit annual returns would be selected for a tax audit. Therefore, the concern that Dominica is not following up on domestic companies that do not file tax returns remains (see paragraph 191 of the 2020 Report).

185. During the onsite visit, the IRD's officials explained that non-compliant entities are sanctioned only after the late submission of their tax returns, considering that the penalty is computed based on the chargeable tax declared by the entity (ITA, s111). Moreover, entities not submitting tax returns and entities that ceased to exist are not selected for tax audits (see paragraph 184). This is not likely to enforce compliance on entities that have not submitted their annual tax returns, nor to verify the availability of accounting information of entities that have ceased to exist; e.g. by verifying that the liquidator is complying with record keeping obligations.

186. Dominica has further indicated that it is currently developing a "Compliance Risk Strategy" on a risk-based approach to select entities to be subject to audit, which Dominica expects would address the deficiencies related to non-filers.

187. Considering that the level of compliance is low, and that Dominica has not enhanced its monitoring and enforcement practice to ensure the availability of accounting records for domestic and foreign legal entities and arrangements. **Therefore, Dominica is still recommended to enhance its monitoring and enforcement practice to ensure the availability of accounting records for domestic and foreign legal entities and arrangements, including for those that have ceased to exist.**

Financial Services Unit

188. The 2020 Report recommended Dominica to enhance its monitoring and enforcement practice to ensure the availability of accounting records for international legal entities and arrangements not subject to tax (e.g. IBCs and international trusts such as trusts not conducting business in Dominica), including for those that have ceased to exist. During the previous review period, the FSU did not impose any sanctions on registered agents and no IBCs were struck from the register for non-compliance, notwithstanding the large number of IBCs not complying with its obligation to submit annual reports. The low level of supervision and the high level of inactive IBCs raised a concern on whether accounting information regarding IBCs would be available in line with the standard. Moreover, no supervision of trusts took place for ensuring that the then new accounting obligations were implemented in practice. The 2020 Report also pointed out that, while the FSU was staffed with 8 officials, it had to supervise not only a large population of

IBCs (20 466 IBCs) but also AML-obliged persons, which could indicate a lack of resources compared to the universe of supervised entities.

189. Since 31 December 2022, there are no more IBCs in Dominica. Following the repeal of the sector, the FSU continues supervising the availability of accounting information which should be held by the registered agents for five years beginning on the dissolution of the IBCs (see paragraphs 70-73). During the review period, the FSU conducted inspections on all 16 registered agents and revoked the licences of 4 of them. During the onsite visit, one of the registered agents confirmed that he was currently subject to supervision on the availability of accounting records with respect to one of its former IBC clients. In the same period, there were no international exempt trusts such as trusts not conducting business registered in Dominica, so no supervision took place in respect of trusts.

190. The recommendation made in the 2020 Report regarding the monitoring and enforcement practice to ensure the availability of accounting records for IBCs and international trusts is removed. However, as international exempt trusts may still be created in the future, Dominica should monitor that accounting information on such trusts be available in line with the standard (see Annex 1).

Availability of accounting information in EOIR practice

191. During the review period, Dominica did not receive any EOI request for accounting information and peers did not raise concerns.

A.3. Banking information

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

192. The 2020 Report concluded that Dominica's legal and regulatory framework on the availability of banking information was in place, but improvements were needed as deficiencies were found with respect to the identification of beneficial owner(s) of account holders that are companies, partnerships and trusts, as it was unclear how to determine the beneficial owners in situations where control is exercised through means other than ownership interest, or the need to identify all beneficial owners. Dominica was recommended to ensure that the legal and regulatory framework required all beneficial owners of bank accounts be identified.

193. With respect to implementation in practice, it was found that there were no onsite or follow-up inspections on banks to ensure the availability of accurate and up-to-date beneficial ownership information of customers. In

addition, no monetary sanctions or other penalties were applied. Dominica was therefore recommended to strengthen its supervision of banks.

194. In light of these deficiencies, Dominica was rated as Largely Compliant with the standard.

195. Since the previous report, Dominica has addressed the recommendations both with respect to the legal and regulatory framework and with respect to the implementation in practice.

196. The amendment made to the Code of Practice on 14 July 2021 has brought the definition of, and method to identify the beneficial owners of companies, partnerships and trusts in line with the standard.

197. During the review period, the ECCB conducted onsite inspections on the three commercial banks in Dominica. The ECCB entered into written agreements whereby two commercial banks acknowledge non-compliance with AML obligation and agreed on a timeline to address it. The ECCB followed up with the two commercial banks: one of them having fully addressed the non-compliance, and the other one being in progress to do so. ECCB's official indicated that commercial banks in Dominica will continue being subject to supervisions activities on an ongoing basis and as informed by a periodic risk assessment. The FSU conducted onsite and desk-based inspections on all offshore banks. Following these inspections, the FSU issued 15 reprimands and revoked the licences of 4 offshore banks. Therefore, Dominica has addressed the recommendation made in the 2020 Report.

198. During the review period, Dominica received no requests for banking information.

199. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Dominica in relation to the availability of banking information

Practical Implementation of the Standard: Compliant

The availability of banking information in Dominica is effective.

A.3.1. Record-keeping requirements

Availability of banking information and beneficial ownership information on account holders

200. Pursuant to the AML framework, banks must keep records on all business transactions, including the parties, the amount and the date of every transaction.

201. Banks are also required to perform CDD and to identify the beneficial owners of their customers upon entering in a business relationship.

202. The 2020 Report found that the definition of, and method to identify the beneficial owner of companies, partnerships and trusts was not consistent with the standard. It was unclear how to determine the beneficial owners in situations where control is exercised through means other than ownership, or the need to identify all beneficial owners. Dominica was therefore recommended to ensure that all beneficial owners of account holders are identified in accordance with the standard.

203. Dominica amended the definition of and method to identify the beneficial owner of companies, partnerships and trusts. The definition and method to identify all beneficial owners is now in line with the standard (see paragraphs 95, 137 and 154). Therefore, Dominica has addressed the recommendation.

204. As other AML-obliged persons, banks must update the beneficial ownership information whenever they become aware of a change in the information previously collected or if they have doubts about its veracity or adequacy, and at least once every year in respect of high-risk clients, and once every three years in respect of normal or low risk clients (see paragraph 100). The business transaction and beneficial ownership information must be maintained for at least seven years after the termination of the business transaction, or the end of the business relationship. In case of cessation of a domestic bank, or closure of a branch of a foreign bank, the information would be retained by the liquidator of the bank or the branch, as the case may be, for at least five years following liquidation, as Dominica's authorities sustained that such information is considered part of the "books and papers" of the bank or branch (s. 476, Companies Act).

205. During the onsite visit, the representatives of the banking sector informed that they would refuse to enter in a business relationship or would cease a business relationship if the customer does not provide sufficient information to enable the identification, verification, and update of beneficial ownership information. In such a case, they would also inform the FSU. They also indicated that, while the retention period of banking information provided by law is seven years, they retain such information indefinitely.

206. Failure to comply with the necessary record keeping obligations would lead to penalties ranging from XCD 5 000 (EUR 1 692) to XCD 500 000 (EUR 169 250) and imprisonment of up to six months. Moreover, failure to take remediation actions as instructed by the ECCB or the FSU would lead to a fine of up to XCD 50 000 (EUR 16 925). In addition, the financial institution's licences may be revoked.

Oversight and enforcement

207. The supervision of the availability of banking information is divided between (i) the ECCB, which oversees the 3 commercial banks, and (ii) the FSU, which oversees the 22 offshore banks. Both commercial and offshore banks need authorisation and registration with the ECCB and the FSU, respectively, prior to begin their activities.

208. The 2020 Report found that there were no onsite or follow-up inspection on banks to ensure the availability of accurate and up-to-date beneficial ownership information of customers. In addition, no monetary sanctions or other penalties were applied. Dominica was, therefore, recommended to strengthen its supervision of banks.

209. The compliance activities conducted by the ECCB during the review period are detailed in paragraphs 106-113. In summary, the ECCB conducted onsite inspections on the three commercial banks in Dominica. The ECCB identified deficiencies in compliance with AML obligations with respect to two banks. It entered into written agreements whereby the relevant commercial banks acknowledge the non-compliance and agreed on a timeline to address it. The ECCB followed up with the two commercial banks: one of them having fully addressed the non-compliance, and the other one being in progress to do so. The ECCB has not deemed necessary to apply monetary sanctions or revocations of licences to commercial banks in Dominica. ECCB's officials indicated that commercial banks in Dominica will continue being subject to supervisions activities on an ongoing basis and as informed by a periodic risk assessment. During the onsite visit, the ECCB did not confirm whether it has ever applied such sanctions in practice. Dominica should monitor that adequate and dissuasive sanctions are applied in practice, where appropriate, to ensure the availability of adequate, accurate and up-to-date beneficial ownership information (see Annex 1).

210. The compliance activities conducted by the FSU during the review period, with respect to financial institutions other than commercial banks are detailed in paragraphs 114-121. In summary, during the review period, the FSU conducted onsite inspections on all 22 licensed offshore banks. The FSU also conducted desk-based inspections, focusing on the areas of risk identified during the onsite inspections, on all licensed offshore banks. As

a result of these inspections, the FSU issued 15 reprimands and revoked the licences of 4 offshore banks. FSU's officials further indicated that, as part of its working plan, all offshore banks will continue being subject to compliance and enforcement activities on the availability of banking information, including beneficial ownership information on account holders on an ongoing basis.

211. Therefore, Dominica has addressed the recommendation made in the 2020 Report in respect of supervision and enforcement of the availability of banking information.

Availability of banking information in EOIR practice

212. During the peer review period, Dominica received no request for information with respect to banking information and peers did not raise concerns in this regard.

Part B: Access to information

213. 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).

214. The 2020 Report concluded that Dominica's legal and regulatory framework on the access powers of the Competent Authority was in place. Nevertheless, Dominica was rated Partially Compliant under Element B.1 due to deficiencies in the implementation of this framework in practice.

215. First, while the IRD's Comptroller needed a court order to compel the information holder to produce the information, where the EOI request relates to civil or criminal proceedings, the EOI Manual was silent with respect to such procedure, and the EOI officials demonstrated lack of familiarity with it. Since then, Dominica has addressed this deficiency by amending its EOI Manual to describe the court procedure to compel the production of documents, and the EOI staff has also been trained in this procedure.

216. Secondly, the definition of legal privilege as per Dominica's law was broader than the standard, and the representatives of lawyers and accountants interpreted professional secrecy in a manner not consistent with the standard. In practice, the IRD had not applied its access powers with respect to information held by these professionals. Dominica was recommended to ensure that its access powers with respect to information held by professionals who may claim professional secrecy were consistent with the standard. The definition of legal privilege, as well as the interpretation

of professional secrecy by the representatives of lawyers and accountants has not changed since the previous review. Moreover, Dominica has had no opportunity to test its access powers with respect to information held by lawyers or accountants. The recommendation, therefore, remains to be addressed.

217. During the review period, Dominica received one request for information. Dominica accessed the information and provided it to the requesting jurisdiction. The peer was satisfied with the information provided by Dominica.

218. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Dominica in relation to access powers of the competent authority.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/ Underlying factor	Recommendations
Although there are sufficient general access powers available to the tax authorities which seem to allow access to information held by legal professionals and accountants, the interaction of these powers with professional secrecy has not been tested in practice. This concern is strengthened by the fact that the representatives of the lawyers and accountants did not clearly indicate that they would in practice be in position to provide information to the tax authorities when requested.	Dominica should monitor access to information held by professionals who can claim legal professional or other professional secrecy obligations so that the requested information can be obtained in line with the standard.

B.1.1. Ownership, identity and banking information, B.1.2. Accounting records, B.1.3. Use of information gathering measures absent domestic tax interest and B.1.4. Effective enforcement provisions to compel the production of information

219. As described in the 2020 Report, the Comptroller of the IRD is Dominica's delegated competent authority. Dominica has no domestic tax interest limitation with respect to its information gathering powers.

220. Under the Tax Information Exchange Act (EOI Act), the Comptroller can use broad access powers provided under the ITA to obtain all types of relevant information, including ownership, accounting, and banking information, to comply with obligations under Dominica's EOI agreements. This includes the power to request information from any person believed to be in possession or control of the requested information, either a taxpayer or a third party. However, where the requested information is required for civil or criminal proceedings in the requesting jurisdiction, based on the facts of each case, the Comptroller must apply to the court for an order to compel the information holder to produce the information (EOI Act, s 4A(1)(a)). Time-sensitive requests can benefit from a certificate of urgency and be analysed by the court on a priority basis.

221. Upon application to the court for a search warrant, the Comptroller can execute search and seizure measures to compel the production of information. In addition, failure to comply with the Comptroller's and/or the court's orders is punishable with a fine up to XCD 1 500 (EUR 508) and imprisonment for up to one month.

222. In practice, the IRD has direct access to taxpayers' files, which may include ownership, accounting and banking information. When the information requested is not already in the IRD's possession, and it does not relate to a legal proceeding in the requesting jurisdiction, a letter is sent to the information holder who has 30 days to provide the information (15 days for banks). The EOI Manual details the applicable procedures to follow up with information holders that did not provide the information within the specified timeframe, including the process to apply sanctions and escalate enforcement measures.

223. The 2020 Report issued a recommendation to Dominica relating to the court procedure to compel the production of information. First, as the EOI Manual was silent with respect to the court procedure, and second, as the EOI officials demonstrated lack of familiarity with this procedure. Dominica was, therefore, recommended to update its EOI Manual and ensure that EOI officials are kept aware of all relevant procedures.

224. Dominica has addressed this recommendation. The EOI Manual was amended in 2021 to describe the procedure to be followed when the

information requested relates to a civil or criminal proceeding in the requesting jurisdiction. Subsection 6.8 “Procedures in Court Proceedings” provides that the application to the Court must be made in writing by a lawyer of the Ministry of Justice representing the IRD’s Comptroller. The application must be accompanied with the draft order, any supporting documentation, including the request of information itself and, if applicable, a certificate of urgency (e.g. for time sensitive issues). To prevent the disclosure of this information to the public, the lawyer must request to the court that the application and file be sealed to the public. Once the order is issued by the court, after a successful application, the information holder is served notice directly by the IRD.

225. During the onsite visit, the EOI staff further explained that a request relates to a “civil or criminal proceeding” where the concerned person is already subject to a legal procedure in the requesting jurisdiction, at the time that the EOI request is sent. This is not the case when the requesting jurisdiction is acting within the preliminary stages of an investigation, before notifying a formal procedure to the taxpayer. In the latter scenario, the court procedure is not required.

226. In practice, the EOI Unit Manager analyses if an EOI request relates to a civil or criminal proceeding or not, and then refers the decision to the IRD’s Comptroller who decides whether a request to the court is needed. Dominica advised that, if there is doubt as to whether a request relates to a civil or criminal proceeding, Dominica’s Competent Authority would ask the Competent Authority of the requesting jurisdiction to clarify. If it seems necessary to make an application to the court, Dominica would inform the requesting jurisdiction that, in order to access the requested information, the EOI request itself must be disclosed during the court procedure and, thus, may be subsequently accessed by the information holder. In such a case, the EOI partner would decide whether to continue with the process or withdraw the request.

227. The EOI officials also explained during the onsite visit that, upon taking up duty, incoming EOI staff receive and must read a copy of the EOI Manual, which includes the steps to be followed in case of a court procedure. EOI staff received training on this aspect.

228. During the review period, Dominica received one EOI request. Dominica did not apply the court procedure to compel the production of documents as the request did not relate to a civil or criminal proceeding in the requesting jurisdiction. This request related to beneficial ownership information on a company exempt from tax in Dominica (an IBC). As the FSU is the primary supervisory authority with regards to IBCs and their registered agents, the IRD liaised with the FSU and, without providing the EOI request itself, communicated the identity of the IBC and what information was

required. The FSU identified who was the registered agent of the concerned IBC and obtained the information sought, by accessing the registered agent's files *in situ* and gathering duplicates. The FSU subsequently provided the information to the IRD, who then provided it to the EOI partner. During the onsite visit, Dominica's authorities confirmed that the IRD could have also accessed the information directly; however, it was more efficient to liaise with the FSU in order to identify the registered agent in possession of the information sought.

229. Although the use of IRD's access powers for EOI purposes was limited during the review period, the IRD has effectively exercised its access and compelling powers in the domestic context, with 788 audits carried out. In all cases but one Dominica was able to access the information requested from the taxpayers. Only in one case it was necessary to apply a monetary penalty on an information holder (in that case the taxpayer itself) for failing to provide the information requested. Following the sanction, the information holder provided the requested information. The same access powers would apply if the information was sought for EOI purposes unless the EOI request relates to legal proceedings in the requesting jurisdiction, in which case the court procedure would apply (see paragraph 219-227).

B.1.5. Secrecy provisions

Secrecy provisions in general

230. Dominica's legal framework provides for secrecy provisions, including bank secrecy, but these secrecy provisions may be lifted for EOI purposes under the EOI Act. This was confirmed by the EOI staff during the on-site visit. The EOI staff further explained that, even if the requesting jurisdiction does not identify the bank or account holder by name, Dominica would analyse other elements such as the international bank account number or account number as such numbers generally allow for the identification of the concerned bank in which the account is held, as basic bank account numbers, as well as International Bank Account Numbers, include a bank identifier of the financial institution servicing the account, and, subsequently, access the requested information. If it is not possible to identify the bank in which the account is held only with the bank account number, given that, there are only 3 commercial banks and 22 offshore banks, the IRD would ask to all banks in Dominica if they hold an account under the relevant account number. Dominica indicated that they would also analyse other information reported by Financial Institutions, such as information reported pursuant to the Common Reporting Standard, in order to identify the concerned bank and, if possible, the account holder. While this has not been tested in practice, the EOI Manual specifies that where the requesting jurisdiction does not provide sufficient information to identify the concerned bank and account holder (either by name

or other means), Dominica would reach out immediately to the requesting jurisdiction for clarification.

231. The representatives from the banking sector, notaries, as well as registered agents confirmed that where a request is made directly by the IRD, they are not made aware of whether the information is requested for domestic or EOI purposes and they would provide the information requested from the IRD. In case that the request is made through a court procedure, they might have an indication that the request is for EOI purposes, as no such procedure is required for domestic purposes; however, in any case, as a matter of policy, they would not inform the account holder (or any other client) when information pertaining to the account or the client is provided to the IRD either for domestic or EOI purposes.

232. During the review period, the IRD did not request information from banks or notaries for EOI purposes. However, the IRD regularly requests information (e.g. bank statements) from banks during domestic tax audits. Dominica further informed that, in every instance, the relevant bank provided the information within 15 days. The same access powers would apply if the information was sought for EOI purposes, unless the EOI request relates to legal proceedings in the requesting jurisdiction, in which case the court procedure would apply (see paragraph 220-227). In the one case where information was sought for EOI purposes from a registered agent, the IRD was able to access the information (see paragraph 228).

Professional secrecy

233. The 2020 Report found that the definition of legal privilege in Dominica is broader than the standard as legal privilege may be extended to communications between attorney, client, and “any other person”, made in connection with or in contemplation of legal proceedings, and for the purposes of such proceedings. It was also found that the representative of lawyers interpreted legal privilege as covering any communications between attorney and client, e.g. instructions given by the client to open an account, to purchase real property or to administer money on the client’s behalf. In addition, the representative of accountants advised that accountants would seek their client’s permission before responding to any request for information from the IRD.

234. Because of such deficiencies and considering that the IRD had not applied in practice its access powers with respect to lawyers and/or accountants, Dominica was recommended to monitor that its access powers with respect to information held by professionals who may claim professional secrecy were consistent with the standard.

235. Since the previous review, the definition of legal privilege as provided in Dominica’s law has not changed. During the onsite visit, representatives

of lawyers and accountants also confirmed their broad interpretation of their professional secrecy, as reflected above. While IRD's officials indicated that they disagreed with the interpretation of the representatives of lawyers and accountants, they also confirmed the IRD has not exercise in practice its access powers with respect to information held by lawyers and/or accountants, either for EOI or domestic tax purposes. As such, the access powers remain untested.

236. Therefore, **Dominica is still recommended to monitor access to information held by professionals who can claim legal professional or other professional secrecy obligations so that the requested information can be obtained in line with the standard.**

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.

237. Dominica law requires the IRD to notify a person who is the subject of an EOI request where the request is not made in connection with a criminal matter and if the person's whereabouts are made known to the IRD's Comptroller. However, the Comptroller can waive the notification if the EOI request is urgent, or the notice is likely to undermine the investigation of the requesting party. There is no post-exchange notification requirement in Dominica. The 2020 Report concluded that the legal and regulatory framework on the rights and safeguards that apply to persons in Dominica was in place. This framework has not changed since the previous review and the same conclusion is drawn in this report.

238. With respect to implementation of that framework in practice, the 2020 Report found that the court procedure to compel the production of information where the EOI request relates to civil or criminal proceedings (see paragraphs 220-227) may require the disclosure of information to the parties of the proceedings. It was unclear whether this included the taxpayer or only the information holder and, thus, whether the taxpayer would always be informed about the EOI request even prior to the granting of such an order. It was also found that the EOI staff was unfamiliar with the notification process.

239. Considering these deficiencies, Dominica was recommended to monitor that the court procedure to compel the production of documents and the notification process do not unduly prevent or delay effective exchange of information. Dominica was rated Largely Compliant with the standard.

240. Since the previous review, Dominica has included in its EOI Manual explanations on the notification process and on the court procedure to compel the production of information. During the onsite visit, EOI staff explained the differences with respect to these two procedures.

241. First, with respect to the notification procedure, the EOI personnel explained that, if the EOI partner explicitly asked to not notify the taxpayer, then Dominica would not make such notification. In case no such explicit request was made, the EOI Unit Manager would analyse the case and propose to the IRD's Comptroller whether to notify the taxpayer. In case of doubt, as to whether the notification could jeopardise the investigation of the requesting party, Dominica would consult the EOI partner.

242. Secondly, under the court procedure to compel the production of information, only the information holder is served with the application made to the court. The taxpayer will only be served if the taxpayer is also the information holder. Nevertheless, the application to the court may be an "application without notice", where the request is urgent, or the notice is likely to undermine the investigation of the requesting partner. In these cases, the information holder will be served only once the order is produced by the court. These exceptions limit the risk that the taxpayer is unduly notified of the EOI request directly or indirectly through the information holder.

243. During the onsite visit, the EOI staff also explained the court procedure in practice. If the requesting jurisdictions explicitly states that the request is urgent or asks not to notify the taxpayer and the taxpayer is the information holder, then an "application without notice" would be made. In other cases, the EOI Unit manager would analyse the case, and propose to the IRD's Comptroller whether to make an application without notice. In case of doubts, Dominica would consult with the requesting jurisdiction. In case that the court procedure is required, Dominica would inform the requesting jurisdiction that, in order to access the requested information, the EOI request itself must be disclosed during the court procedure and, thus, may be subsequently accessed by the information holder, either before that the order is produced, in case of an application with notice, or after the order is produced, in case of an application without notice. The EOI partner would decide whether to continue with the process or withdraw the request.

244. Albeit there is no explicit antitipping-off provision in Dominica, during the onsite visit, the representatives of banks indicated that, as a matter of policy, the banks would not inform the account holder (or any other client) when information pertaining to the account is provided to the IRD either for domestic or EOI purposes. The representatives of registered agents also indicated that they cannot alert their former IBCs clients because the IBCs do not exist anymore, and, as a matter of policy, they would not alert any

other person. This reduces the possibility that the taxpayer will be unduly alerted by the information holder if a court procedure is required.

245. During the review period, Dominica received one request which was not related to criminal matters. The requesting jurisdiction asked Dominica not to alert the taxpayer. On such grounds, Dominica did not notify the concerned taxpayer.

246. Considering the clarifications made in the EOI Manual and its application in practice, it is concluded that Dominica has addressed the recommendation made in the previous report. Dominica should monitor that the procedures on notifications and court procedures described in the EOI Manual, continue being applied in practice (see Annex 1).

247. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Dominica are compatible with effective exchange of information.

Practical Implementation of the Standard: Compliant

The application of the rights and safeguards in Dominica is compatible with effective exchange of information.

Part C: Exchange of information

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

249. Dominica’s EOI network covers 148 relationships. Since the previous report, Dominica has not signed nor ratified new EOI instruments. Dominica’s EOI instruments comprise 21 bilateral instruments (18 of which are in force, and 3 of which have not yet been ratified by Dominica), 1 regional instrument (the Caribbean Community Double Tax Agreement (CARICOM Tax Treaty)), and the Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention).

250. The vast majority of Dominica’s EOI relationships (146 out of 148) are covered by the Multilateral Convention and are in line with the standard. However, the 2020 Report found that, while EOI instruments must be scheduled to domestic law to be applicable, Dominica had not yet scheduled the Multilateral Convention and the tax information exchange agreement with Sweden to its EOI Act. Dominica was recommended to schedule such EOI instruments. Dominica has addressed this recommendation.

251. In practice, Dominica applied its EOI agreement in line with the standard in handling the two requests it received during the previous review period, as well as the one request received during the current review period. In all cases, Dominica provided information to the widest possible extent, as confirmed by peers.

252. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Dominica.

Practical Implementation of the Standard: Compliant

No issues have been identified that would affect EOIR in practice.

C.1.1. Standard of foreseeable relevance and C.1.2. Provide for exchange of information in respect of all persons

253. As described in the 2020 Report, Dominica’s EOI instruments are in line with the standard of foreseeable relevance and allow for EOI with respect to all persons.

254. Neither Dominica’s EOI instruments nor Dominica’s domestic law contain language prohibiting group requests and Dominica would answer a group request to the extent that it meets the foreseeable relevance standard. Since the previous review, Dominica amended its EOI Manual, introducing guidance on group requests. The guidance defines a group as people not individually identified who have followed an identical pattern of behaviour and who are identifiable by means of precise details. It also explains how to assess the validity of a group request, in particular its foreseeable relevance, in line with the standard. Dominica has not received any group request in practice.

255. If a request is considered unclear or incomplete, Dominica would seek clarifications or additional information from the requesting jurisdiction before declining to respond to it, but this has not happened in practice.

256. While the EOI request received by Dominica related to a company incorporated under Dominica’s law, the Competent Authority confirmed that it would provide information on all persons, whether resident or not, whether national or not, to the extent that the request is valid, and the information is held in Dominica or is in the possession or control of a person within the territorial jurisdiction of Dominica.

257. No peers raised concerns regarding the interpretation of the standard of foreseeable relevance by Dominica.

**C.1.3. Obligation to exchange all types of information and
C.1.4. Absence of domestic tax interest**

258. As described in the 2020 Report, Dominica's EOI instruments, except the CARICOM Tax Treaty, provide for the obligation to exchange all types of information (including banking and ownership information) even absent of domestic interest. The CARICOM Tax Treaty is not in line with the standard as it does not contain a provision on the obligation to exchange all types of information even absent of domestic interest (i.e. a provision similar to Articles 26(4) and 26(5) of the OECD Model Tax Convention). This affects the EOI relationship with Guyana and Trinidad and Tobago which are the only two EOI relationships under the CARICOM Tax Treaty not supplemented by the Multilateral Convention. Guyana has not yet been reviewed against the standard, and Trinidad and Tobago has shortcomings on its domestic legal framework that prevents the exchange of information without domestic interest. Therefore, although Dominica has not exchanged any information with them, it should work with its CARICOM partners to ensure that its agreements with them allows for EOI in accordance with the standard (see Annex 1).

259. During the review period, Dominica was not requested to provide information held by a bank, another financial institution, a nominee, or person acting in an agency, or a fiduciary capacity. In practice, Dominica exchanged information in which it had no domestic tax interest as it related to a non-tax resident in Dominica.

**C.1.5 and C.1.6. Civil and criminal tax matters and
C.1.7. Provide information in specific form requested**

260. All Dominica's EOI instruments provide for EOI in both civil and criminal matters. None contains restrictions limiting EOI in criminal matters or based on dual criminality principles. There are also no restrictions in Dominica's EOI instruments that would prevent it from providing information in a specific form, as long as this is consistent with its own administrative practices.

261. During the review period, the one EOI request received related to civil tax matters and no specific format was requested. No peers reported any concerns.

C.1.8. Signed agreements should be in force

262. Dominica's EOI network covers 148 Jurisdictions through 21 bilateral agreements, the CARICOM Tax Treaty and the Multilateral Convention. The increase of partners from 138 to 148 since the previous report is attributable to more jurisdictions joining the Multilateral Convention.

263. Two bilateral agreements (with Germany and Poland) are not in force and one (with Germany) is still awaiting ratification by Dominica. During the onsite visit, Dominica's authorities mentioned that they have not prioritised the ratification of these agreement as all three jurisdictions signed and ratified the Multilateral Convention and, thus, effective EOI in line with the standard is possible.

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	148
In force	141
In line with the standard	139
Not in line with the standard	2 (Guyana and Trinidad and Tobago)
Signed but not in force	7 ^a
In line with the standard	7
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	0

Note: a. Gabon, Honduras, Madagascar, Papua New Guinea, Philippines, Togo and Viet Nam

C.1.9. Signed agreements should be given effect through domestic law

264. Pursuant to the EOI Act, an agreement with another Government will have the force of law in Dominica once that agreement is scheduled to the domestic law. The 2020 Report found that the Multilateral Convention and the tax information exchange agreement with Sweden had not yet been scheduled to the EOI Act. Therefore, Dominica was recommended to schedule these instruments to have force of law in Dominica.

265. During the on-site visit, Dominica reported that the Multilateral Convention was actually scheduled to the Automatic Exchange of Financial Account Information Act on 2 May 2019. Pursuant to section 3 of this Act, the Multilateral Convention has force of law in Dominica. Under the EOI Act, the Comptroller of the EOI may exercise all powers vested in him/her for rendering reciprocal assistance to facilitate the administration of the EOI Act and other relevant laws (s. 2(b) EOI Act). Since the Multilateral Convention has the force of law in Dominica, it would be considered a relevant law for purposes of the EOI Act and, thus, for purposes of exchange of information on request.

266. Dominica also provided a copy of the publication in the official gazette through which the tax information exchange agreement with Sweden was scheduled to the EOI Act in 2011, thus given force of law in Dominica.

267. Therefore, the recommendation made in the previous review is repealed. Dominica should monitor that the Competent Authority is always aware of the status of the EOI instruments (see Annex 1).

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

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

268. The 2020 Report found that the EOIR network of Dominica was in place and Dominica was rated Compliant with this element of the standard. Participation in the Multilateral Convention has increased since the 2020 Report and Dominica now has 148 EOI partners.

269. No Global Forum members indicated that Dominica refused to negotiate or sign an EOI instrument with it. As the standard ultimately requires that jurisdictions establish an EOI relationship with all partners who are interested in entering into such relationship, Dominica should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

270. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Dominica covers all relevant partners.

Practical Implementation of the Standard: Compliant

The network of information exchange mechanisms of Dominica covers all relevant partners.

C.3. Confidentiality

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

271. The 2020 Report concluded that the legal and regulatory framework on the confidentiality of information received was in place. Since then, no change was made to the legal framework which remains in place.

Dominica's EOI instruments meet the standard for confidentiality, including the limitations on disclosure of information received and use of the information exchanged. Dominica's legal framework provides for confidentiality obligations with respect to information exchanged, including to protect from undue disclosure sensitive documents that comprise an application to compel the production of documents for EOI purposes. It also provides for administrative and criminal sanctions applicable in the case of breach of confidentiality. Confidentiality obligations and sanctions are still applicable after the end of employment of EOI staff, and any other authority that may have accessed the information (e.g. tax auditors). Dominica's legal framework does not grant the taxpayer the right to access its EOI file, except under a court procedure to compel the production of information and the taxpayer is the information holder (see paragraphs 220-227).

272. With respect to implementation of that framework in practice, the 2020 Report found several deficiencies.

Court process

273. First, while documents submitted to a court during an application to compel the production of information for EOI purposes may be sealed to the public, this procedure has not been applied in practice. Therefore, it was uncertain whether such sealing of documents would be effective to ensure the confidentiality of EOI requests submitted to a court during the procedure to compel the production of documents. Dominica was therefore recommended to monitor the application of the provisions to seal documents submitted to the court, to ensure that the confidentiality of EOI requests forming part of an application for a court order are protected. It was also found that the EOI staff was unaware of the legal provisions governing the sealing of documents submitted to a court. Therefore, Dominica was recommended to ensure that officials responsible for handling EOI requests are aware of all relevant legal provisions and court procedures for the protection of sensitive information so that it can meet its confidentiality obligations as provided for under the standard.

274. Since the 2020 Report, Dominica has amended its EOI Manual introducing a chapter on court proceedings (see paragraphs 220-227). Particularly, Subsection 6.8.3. "Sealing the record" clearly states that the application to the court must always be accompanied with a simultaneous request to seal the documents. Upon taking up duty, every EOI staff is provided with a copy of the EOI Manual and is made aware of this subsection. During the onsite visit, the EOI staff indicated that, as an application to the court will always be submitted on behalf of the IRD's Comptroller, the Comptroller, assisted by the EOI Unit manager, would verify that any application to the court is accompanied with a request to seal the file. The

EOI staff, as well as Ministry of Justice's staff, further indicated that the IRD's request would suffice for the court to order the files to be sealed and that such sealing is not subject to an expiration period, i.e. the information will not become public after any given period has elapsed.

275. The IRD's officials further informed that, in case that a court procedure is required, Dominica would inform the requesting jurisdiction that, in order to access the requested information, the EOI request itself must be disclosed during the court procedure and, thus, may be subsequently accessed by the information holder, either before the order is produced, in case of an application with notice, or after the order is produced, in case of an application without notice. The EOI partner would decide whether to continue with the process or withdraw the request.

Organisational process and confidentiality

276. The 2020 Report noted that although Dominica's policies regarding confidentiality appeared to be in place, the EOI unit staff was unable to locate the two EOI requests that were received during the previous review period. Therefore, Dominica was recommended to ensure that its organisational processes and procedures are adequate and applied to ensure the confidentiality of all information received from an EOI partner.

277. During the onsite visit, the EOI staff explained the policies and procedures set forth in the EOI Manual, updated as of August 2022, including those policies and procedures related to confidentiality, such as background checks, employment contracts, training, access to premises, access to physical and digital records, departure policies, information disposal policies and managing unauthorised disclosures. These explanations demonstrated that the EOI staffs are familiar with the confidentiality requirements set out in the EOI Manual. All communications and documents related to EOI must have a water mark or stamp stating that the information is confidential, and its use and disclosure are governed under the relevant EOI instrument. The EOI Manager supervises, on an ongoing basis, the application of these policies, including confidentiality beaches, and periodically reports to the IRD Comptroller (at least once every month). The IRD's internal affairs unit also periodically monitors compliance with confidentiality requirements.

278. During the review period, Dominica applied the policies and procedures on confidentiality with respect to the one request it received through secure post courier and for which Dominica provided the requested information through encrypted email. Dominica informed that the request was kept under lock in the office of the IRD's Commissioner. The EOI staff also indicated that the information received and sent, as well as all communications related to the EOI request contained the confidentiality watermark or

stamp (see paragraph 277). This is consistent with the policies and process contained in the EOI Manual and explain by the EOI staff.

Conclusion

279. Based on the explanations provided by the EOI staff, as well as Ministry of Justice’s staff during the onsite visit and reflected in the EOI Manual, it can be concluded that Dominica has addressed the recommendations made in the previous report. However, considering that the court procedure has not yet been applied in practice (see paragraph 228) and, therefore, no request to seal the files has been made, Dominica should monitor that every application to the court to produce information for EOI purposes is accompanied with a simultaneous request to seal the file, as described in the EOI Manual (see Annex 1).

280. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Dominica concerning confidentiality.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

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.

281. The standard allows requested parties to not supply information in response to a request in certain identified situations where an issue of trade, business or other secret may arise. An information request can also be declined where the requested information would disclose confidential communications protected by the attorney-client privilege or if the disclosure would be contrary to public policy (*ordre public*). The 2020 Report concluded that the legal and regulatory framework on this aspect was in place and Dominica was rated Compliant with the standard.

282. Most of Dominica’s EOI relationships (146 out of 148) are covered by the Multilateral Convention and provide for rights and safeguards of taxpayers and third parties in accordance with the standard (Article 21(2)(d)).

283. The rights and safeguards provided by the CARICOM Tax Treaty are narrower than the standard as a request can only be declined where it cumulatively is contrary to public policy and relates to certain secrets (e.g. trade secrets). This deficiency affects the EOI relationships with Guyana and Trinidad and Tobago (as the other are supplemented by the Multilateral Convention). Although no EOI has occurred with these jurisdictions, Dominica should work with its CARICOM partners to ensure that its agreements with them allows for EOI in accordance with the standard (see Annex 1).

284. While most of Dominica's EOI instruments provide for rights and safeguards of taxpayers and third parties in accordance with the standard, Dominica's domestic access powers to information covered by professional secrecy remain untested and the representatives of lawyers and accountants have a broad interpretation of the scope of this secrecy (see recommendation in Element B.1 and paragraphs 233-236).

285. In practice, Dominica did not receive any request for information covered by legal privilege or any other professional secret.

286. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Dominica in respect of the rights and safeguards of taxpayers and third parties.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

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.

287. The 2020 Report noted that Dominica's EOI staff were not familiar with all relevant procedures regarding EOI, including the standard of foreseeable relevance. It was not clear whether the EOI staff received any specific EOI training. The EOI Manual did not describe certain procedures related to handling of incoming requests, including the court procedure to compel the production of documents and group requests. The EOI staff was unable to locate the two requests received during the previous review

period. Dominica was recommended to further develop the practical implementation of the organisational processes of the EOI Unit, including by training EOI staff, updating the EOI Manual, and developing a system to record EOI requests.

288. Considering those deficiencies, together with the limited experience of Dominica in exchanging information, Dominica was rated Largely Compliant with the standard.

289. Since 2020, Dominica has amended its EOI Manual by introducing a dedicated chapter on the court procedure to compel the production of documents (see paragraphs 220-227), as well as guidance on group requests (see paragraph 254). Dominica's EOI Unit has been staffed with four full-time officials, all of whom have received training on EOI. Dominica has also implemented an EOI request tracking system.

290. During the review period, Dominica received one request of information. Dominica provided a status update within 90 days from receiving the request and subsequently provided the information requested in less than 180 days from receiving the request. The peer was satisfied with the information provided.

291. Considering the actions taken by Dominica and the implementation in practice, it is concluded that Dominica has addressed the recommendation on improving the organisational processes of the EOI Unit, training EOI staff, updating the EOI Manual, and developing a system to record EOI requests.

292. However, another peer sent a request which was not received by Dominica. In such case, Dominica's failure to update the information on the contact detail of the competent authority in a timely manner hampered communications with the relevant peer, as well as Dominica's ability to receive the request for information. Therefore, Dominica is recommended to ensure that the contact details of the competent authority are up to date and available to its EOIR partners at all times. Moreover, Dominica's experience on EOIR remains limited. As a result, Dominica remains rated Largely Compliant with Element C.5 of the standard.

293. The conclusions are as follows:

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/ Underlying factor	Recommendations
Dominica's failure to update the information on the contact detail of the competent authority in a timely manner hampered communications with an EOIR partner, as well as Dominica's ability to receive a request for information.	Dominica should ensure that the contact details of the competent authority are up to date and available to its EOIR partners at all times.
Dominica has put in place the necessary processes and resources to allow effective exchange of information. However, there has not been a substantive number of cases in practice to test their effectiveness.	Dominica should monitor the practical implementation of the organisational processes and resources of its EOI Unit to ensure that they are sufficient at all times for effective EOI in practice.

C.5.1. Timeliness of responses to requests for information

294. During the review period from 1 April 2019 to 31 March 2022, Dominica received one request concerning beneficial ownership information of an IBC. This request was received via courier. Another peer sent a request which was not received by Dominica during the reporting period due to communications issues (see paragraphs 298-301).

295. With respect to the one request that was well received, Dominica provided a status update within 90 days following receipt of the request, as required by the standard, and provided the full response 128 days following receipt of the request. During the onsite visit, Dominica's authorities informed that the request was received during a lockdown due to the outbreak of the COVID-19 pandemic and the access to the IRD's offices was restricted. Once the IRD's operations were normalised, Dominica was able to access the requested information and subsequently send it to the exchange partner in less than one month.

296. The peer was satisfied with the information provided by Dominica. The peer further informed that although the request required only beneficial ownership information, Dominica sent both legal and beneficial ownership information.

Communications

297. Dominica accepts requests in English. If the request is not in English, the requesting jurisdiction will be asked to translate the request. Communication with other jurisdictions is done mostly through post courier, which provides

tracking information, password protected email. Regular e-mails will generally be used for sending acknowledgment letters, request for clarification, or to provide status update.

298. Communications between the EOI Unit and other IRD's officials is conducted through secure email containing a header/watermark stating that the information is confidential, and its use and disclosure is governed under the relevant EOI instrument. These processes continue being the same.

299. A peer indicated that it sent a request for information to Dominica via courier in December 2019; however, no reply nor status update was received from Dominica. The peer sent a reminder to Dominica during mid-September 2022 via the email address available at that moment in the Global Forum's secure competent authorities' database.

300. Dominica confirmed that neither the original request via courier nor the reminder were received at Dominica's Competent Authority's address. Dominica further indicated that Dominica's Competent Authority changed in September 2019, due to a new IRD's Commissioner being appointed, which also entailed the change of the Competent Authority's email address. However, Dominica updated the new contact detail in the Global Forum's secure database only late September 2022.

301. While the concerned peer now has the correct contact detail information on Dominica's Competent Authority and has indicated that the request will be send anew, Dominica's failure to update the information in a timely manner hampered communications with this peer, as well as Dominica's ability to receive the request for information. **Therefore, Dominica is recommended to ensure that the contact details of the competent authority are up to date and available to its EOIR partners at all times.**

C.5.2. Organisational processes and resources

Organisation of the competent authority

302. The Competent Authority in Dominica is the Minister of Finance and the Comptroller of the IRD is the delegated competent authority, who is supported in such capacity by the EOI Unit.

303. The 2020 Report noted that the EOI staff was not familiar with all relevant procedures regarding EOI, including the standard of foreseeable relevance and it was not clear whether the EOI unit staff had attended any specific EOI trainings. Therefore, Dominica was recommended to further develop the practical implementation of the organisational processes of the EOI Unit by the EOI staff on all matters.

304. As of 2021, the EOI Unit was staffed by the Comptroller and four full time officials: the EOI Manager (assistant comptroller); two EOI Officers and one IT officer. All officers have a minimum of a bachelor's degree. The EOI Unit handles all issues related to EOI, including exchange of information on request, automatic exchange of financial account information and spontaneous exchange of information, as well as the implementation of the actions under base erosion and profit shifting (BEPS) project.

305. Dominica informed that all EOI staff have participated in the online EOI course designed by the Global Forum Secretariat and have received certificates in Exchange of Information on Request. The EOI staff also received local and regional trainings during the review period.

306. Dominica also updated its EOI Manual by introducing a dedicated chapter on the court procedure to compel the production of documents (see paragraphs 220-227), as well as guidance on group requests (see paragraph 254). During the onsite visit, the EOI staff explained the content of this guidance.

307. The EOI Manual clearly describes the roles and responsibilities of the EOI Unit, as well as the processes to send and receive EOI requests, lodge a request in the EOI Data System, gather the information and comply with confidentiality requirements. The EOI Manual also contains helpful information such as template letters, as well as checklists of what to include in a request and in a response.

308. Considering the actions taken by Dominica and the implementation in practice, it is concluded that Dominica has largely addressed the recommendation on ensuring effective EOI in practice. However, as its experience in EOIR remains limited, **Dominica should monitor the practical implementation of the organisational processes and resources of its EOI Unit to ensure that they are sufficient at all times for effective EOI in practice.**

Incoming requests

309. The 2020 Report found that the EOI staff was unable to locate the two requests received during the previous review period. These requests were also not lodged in an EOI recording system. Dominica was recommended to develop and implement a system to record EOI requests in order to ensure effective EOI.

310. As of 2021, Dominica has implemented a EOI Database System as a case tracking system for managing requests and assisting the EOI Unit in keeping track of progress on EOI requests. The system captures data in relation to both outgoing and incoming requests. Information is inputted into the database when a new request is issued or received, when actions are

taken, and when the case has been closed. The information captured enables the identification of both outgoing and incoming requests, their status, as well as the next action to be taken, if applicable.

311. In practice, during the review period, Dominica captured the one request received in the EOI Database System as described in the EOI Manual. The EOI staff was able to locate the one request received, which was kept under lock in the office of the IRD's Comptroller.

312. Considering the actions taken by Dominica and the implementation in practice, it is concluded that Dominica has largely addressed the recommendation on ensuring effective EOI in practice. While Dominica has put in place the necessary processes and resources to allow effective exchange of information, there has not been a substantive number of cases in practice to test their effectiveness.

Outgoing requests

313. Dominica's EOI Manual included rules for handling outgoing requests and procedures to ensure the quality of EOI requests. All outgoing requests would be made through the EOI unit. Dominica's procedures were in line with the Global Forum's EOI Manual. The EOI Manual is available to the EOI staff. This continues to be the case although the application of such process in practice could not be tested as Dominica did not send any request for information during the current review period.

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

314. There are no factors or issues identified under this element that could unreasonably, disproportionately or unduly restrict effective EOI in Dominica.

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.1:** Dominica should monitor that the restoration process continues being adequately applied (see paragraph 68).
- **Element A.1:** Dominica should monitor that the process to strike off non-compliant or inactive entities from the register continues being adequately applied in the future (see paragraph 84).
- **Element A.1:** As it was not possible to confirm whether the Eastern Caribbean Central Bank has ever applied monetary sanctions or revocation of licences due to non-compliance with obligations on the availability of beneficial ownership information in practice, Dominica should monitor that adequate and dissuasive sanctions are applied in practice, where appropriate, to ensure the availability of adequate, accurate and up-to-date beneficial ownership information (see paragraph 113).
- **Element A.1:** Considering the nascent stage of verifications activities on lawyers, accountants and notaries, Dominica should monitor that adequate and dissuasive sanctions are applied in practice, where appropriate, to ensure the availability of adequate, accurate and up-to-date beneficial ownership information kept by non-financial AML-obliged persons (see paragraph 120).
- **Element A.1:** Given the possibility that “low risk” exempt trusts may exist in the future, Dominica should ensure that identity information on such trusts be available in line with the standard (see paragraph 150).

- **Element A.2:** Dominica should continue monitoring that the shorter retention period which may be granted by exception by the High Court or the IRD does not interfere with the availability of accounting information as required by the standard (see paragraph 169).
- **Element A.2:** As international exempt trusts may still be created in the future, Dominica should monitor that accounting information on such trusts be available in line with the standard (see paragraph 190).
- **Element A.3:** As it was not possible to confirm whether the Eastern Caribbean Central Bank has ever applied monetary sanctions or revocation of licences due to non-compliance with obligations on the availability of banking information in practice, Dominica should monitor that adequate and dissuasive sanctions are applied in practice, where appropriate, to ensure the availability of adequate, accurate and up-to-date beneficial ownership information (see paragraph 209).
- **Element B.2:** Dominica should monitor that the procedures on notifications and court procedures described in the EOI Manual, continue being applied in practice (see paragraph 246).
- **Elements C.1 and C.4:** Dominica should work with its CARICOM partners to ensure that its agreements with them allows for EOI in accordance with the standard (see paragraphs 258 and 283).
- **Element C.1:** Dominica should monitor that the Competent Authority is always aware of the status of the EOI instruments (see paragraph 267).
- **Element C.2:** Dominica should continue to conclude EOI agreements with any new relevant partner who would so require (paragraph 269).
- **Element C.3:** Dominica should monitor that every application to the court to produce information for EOI purposes is accompanied with a simultaneous request to seal the file, as described in the EOI Manual (paragraph 279).

Annex 2. List of Dominica’s EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Australia	TIEA	31-03-2010	01-07-2010
2	Belgium	TIEA	26-02-2010	24-11-2015
3	Canada	TIEA	29-02-2010	10-01-2012
4	Denmark	TIEA	19-05-2010	01-02-2012
5	Faroe Islands	TIEA	19-05-2010	06-06-2012
6	Finland	TIEA	19-05-2010	27-03-2013
7	France	TIEA	07-10-2010	14-12-2011
8	Germany	TIEA	21-09-2010	Not yet ratified
9	Greenland	TIEA	19-05-2010	17-05-2012
10	Iceland	TIEA	19-05-2010	24-11-2014
11	Ireland	TIEA	08-07-2013	22-09-2015
12	Netherlands	TIEA	11-05-2010	24-11-2011
13	New Zealand	TIEA	16-03-2010	24-11-2014
14	Norway	TIEA	19-05-2010	22-01-2012
15	Poland	TIEA	10-07-2012	Not yet ratified by Poland
16	Portugal	TIEA	29-07-2010	05-10-2010
17	South Africa	TIEA	07-02-2012	17-09-2015
18	Sweden	TIEA	19-05-2010	01-08-2017
19	Switzerland	DTA	²¹	26-08-1963
20	United Kingdom	TIEA	31-03-2010	23-12-2011
21	United States	TIEA	01-10-1987	09-05-1988

21. Extension of the DTC of 30 September 1954 between United Kingdom and Switzerland by exchange of notes on 20/26 August 1963.

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).²² The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation 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 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 Dominica on 25-04-2019 and entered into force on 01-08-2019 in Jurisdiction Dominica. Dominica can 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, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Benin, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Burkina Faso, Cabo Verde, 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,²³ Czech

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22. 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.
23. Note by Türkiye: 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. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye 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 Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, 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), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, 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, Thailand, Tunisia, Türkiye, 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: Gabon, Honduras, Madagascar, Papua New Guinea (entry into force on 1 December 2023), Philippines, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010), Viet Nam (entry into force on 1 December 2023).

CARICOM Tax Treaty

The Agreement among the Governments of the Member States of the Caribbean Community for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Profits or Gains and for the Encouragement of Regional Trade and Investment (CARICOM tax treaty) is based on the OECD model double tax convention. Its Article 24 provides for exchange of information in tax matters.

The CARICOM treaty is signed and in force in respect of 11 jurisdictions. These jurisdictions are: Antigua and Barbuda (signed: 6 July 1994, in effect: 1 January 1999); Barbados (signed: 30 June 1995, in effect: 1 January 1996); Belize (signed: 6 July 1994, in effect: 1 January 1995); Dominica (signed: 1 March 1995, in effect: 1 January 1997); Grenada (signed: 6 July 1994, in effect: 1 January 1997); Guyana (signed: 16 August 1994, in effect:

1 January 1998); Jamaica (signed: 6 July 1994, in effect: 1 January 1996); Saint Lucia (signed: 6 July 1994, in effect: 1 January 1996); Saint Kitts and Nevis (signed: 6 July 1994, in effect: 1 January 1998); Saint Vincent and the Grenadines (signed: 6 July 1994, in effect: 1 January 1999) and Trinidad and Tobago (signed: 6 July 1994, in effect: 1 January 1995).

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 amended in December 2020, and the 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 12 July 2023, Dominica's EOIR practice in respect of EOI requests made and received during the three year period from 1 April 2019 to 31 March 2022, Dominica's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Dominica's authorities during the on-site visit that took place from 10-13 January 2023 in Roseau, Dominica.

List of laws, regulations and other materials received

- Anti Money Laundering and Suppression of Terrorist Financing Code of Practice
- Automatic Exchange of Financial Account Information Act
- Banking Act
- Companies Act
- Companies Regulations
- Exempt Trusts Act
- Income Tax Act
- International Business Act
- International Business Companies (IBC) (Repeal) Act
- Money Laundering (Prevention) Act
- Offshore Banking Act

Proceeds of Crime Act
Registration of Business Names Act
Tax Information Exchange Act
Trusts and Non-profit Organisation Regulations
Securities Act

Authorities interviewed during on-site visit

Attorney General Office
Eastern Caribbean Central Bank
Financial Services Unit
Inland Revenue Division
Ministry of Finance
Registrar of Companies
Representatives of accountants
Representatives of banking association
Representatives of Lawyers

Current and previous reviews

Dominica previously underwent an EOIR review consisting of four assessments. During the first round of reviews, the 2012 Phase 1 Report, the 2015 Phase 1 Supplementary Report and the 2016 Phase 2 Report. These assessments were conducted according to the Terms of Reference approved by the Global Forum in February 2010 (2010 ToR) and the Methodology (2010 Methodology) used in the first round of reviews. In addition, Dominica underwent a Fast-Track review in 2017, which included a provisional assessment in respect of Dominica's legal framework and the practical implementation of the 2010 ToR. During the second round of reviews, the 2020 Report presented the first review of Dominica against the 2016 Terms of Reference and concluded that Dominica was overall Partially Compliant with the international standard. The present Supplementary Report concludes that Dominica is overall Largely Compliant.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 Phase 1	Ms Evelyn Lio of Singapore; Mr Jean-Marc Seignez of France; and Mr Sanjeev Sharma and Mr David Moussali of the Global Forum Secretariat	not applicable	May 2012	October 2012
Round 1 Supplementary to Phase 1	Ms Caroline Lavigne of France; Ms Evelyn Lio of Singapore; and Ms Audrey Chua of the Global Forum Secretariat	not applicable	August 2015	October 2015
Round 1 Phase 2	Ms Caroline Fitamant of France; Ms Evelyn Lio of Singapore; and Ms Kathleen Kao and Ms Renata Teixeira of the Global Forum Secretariat	1 July 2012 to 3 June 2015	August 2016	November 2016
Round 2 combined Phase 1 and Phase 2	Ms Heather Hemphill of Canada; Ms Joanna Kowalska of Luxembourg; and Ms Juliana Candido and Ms Kaelen Onusko of the Global Forum Secretariat	1 April 2016 to 31 March 2019	17 September 2020	December 2020
Round 2 Supplementary	Mr Bent Bertelsen of Denmark; Mr Frédéric Batardy of Luxembourg; and Mr Hakim Hamadi and Mr Miguel Morelos of the Global Forum Secretariat	1 April 2019 to 31 March 2022	12 July 2023	3 November 2023

Annex 4. Dominica’s response to the review report²⁴

Dominica would like to take this opportunity to express its gratitude to the Assessment team, the Global Forum Secretariat, the Peer Review Group, and the relevant EOIR partners for the focused input provided during Dominica’s EOIR Supplementary Peer Review.

The recommendations and ratings accurately represent the present state of Dominica’s legal framework and procedures in practice.

Dominica will take the recommendations received under consideration and reaffirms its commitment to support the Global Forum’s initiatives as well as our commitment to adhere to international standards for Transparency and Exchange of Information on Request.

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

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE
OF INFORMATION FOR TAX PURPOSES

**Peer Review Report on the Exchange of Information
on Request DOMINICA 2023 (Second Round,
Supplementary Report)**

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 supplementary peer review report analyses the practical implementation of the standard of transparency and exchange of information on request in Dominica, as part of the second round of reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes since 2016.



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