

Patron, Sir Don McKinnon

12 July 2017

Transparency International New Zealand

TINZ applauds the decline in foreign trusts

Government implementation of tougher disclosure requirements for foreign trusts has produced a significant drop in registrations. Where there were 11,675 registered foreign trusts in April last year, as of the 1 July deadline only 3,000 have registered under the new, tougher disclosure laws

Of the trusts who have not re-registered – and are therefore currently unable to operate legally in New Zealand – some 3,000 have indicated to the IRD that they will no longer be registering. The IRD has yet to hear from the remaining 5,000.

Following strong advocacy from Transparency International New Zealand (TINZ), foreign trusts have been made subject to more stringent registration guidelines. The deadline for compliance with the updated registration requirements, which went into effect in February 2017, was 1 July 2017.

"By adding tougher disclosure requirements, New Zealand sent a strong signal that we will no longer tolerate being a conduit for corrupt money and property purchases," says Suzanne Snively, Chair of Transparency International New Zealand. "The sharp decline in registrations strongly suggests that there are number of foreign trusts involved in activities that couldn't stand scrutiny."

"There is no way to determine the number of foreign trusts relocating or closing to avoid the additional scrutiny. However, the magnitude of the decline is well beyond what would be expected from legitimately purposed trusts choosing to not register due to added fees, more cumbersome reporting requirements or inactivity." adds Snively.

"We continue to recommend that the Government establish a centralised register of beneficial ownership of companies and trusts – open and available to all reporting entities. An open centralized register promotes greater transparency across the board and is consistent with the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act."

TINZ champions a transparent and corruption-free New Zealand. Preventing the use of New Zealand's reputation to legitimise ill-gotten funds is a vital part of that effort.

Background information for journalists

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2. Transparency International

Transparency International is a global civil society coalition leading the fight against corruption. It compiles a number of measures of different aspects of corruption including the Corruption Perceptions Index, the Global Corruption Barometer, and the Bribe Payers Index. Information on Transparency International can be found at www.transparency.org and detailed information on the Corruption Perceptions Index can be found at www.transparency.org/cpi.

3. About TINZ

Transparency International New Zealand (TINZ) is the local chapter of the global organisation - <http://www.transparency.org.nz/>. TINZ works to actively promote the highest levels of transparency, accountability, integrity and public participation in government and civil society in New Zealand and the Pacific Islands.

Transparency International New Zealand provides a free [Anti-Corruption Training Tool](http://transparency.org.nz/Anti-Corruption-Training) (transparency.org.nz/Anti-Corruption-Training) designed by leading experts in the field, and enables organisations to provide training for their personnel. This was developed in partnership with the Serious Fraud Office and BusinessNZ

Transparency International New Zealand published the [Integrity Plus 2013 New Zealand National Integrity System Assessment](#) and is actively engaged in the implementation of its recommendations.