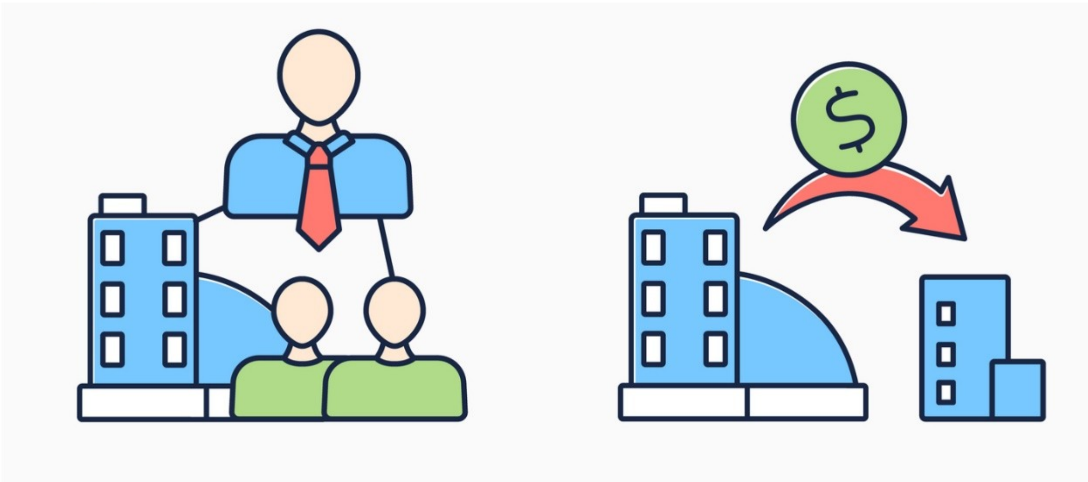
BRIEFING PAPER, July 2026

Why New Zealand Should Enable Open Beneficial Ownership Registers

for Companies, Limited Partnerships and Trusts



This paper sets out TINZ's assessment of the economic, reputational and law-enforcement case for closing New Zealand's beneficial ownership gap; how there have been moves improving due diligence, but reform on beneficial ownership has repeatedly stalled; and how a Beneficial Ownership register can be designed to respect legitimate privacy while closing the gap that enables abuse. [1]

Acknowledgements
Transparency International New Zealand acknowledges the voluntary contributions towards this report by Chaes Callaghan (Intern) and Adam Hunt (Director).

[1] This paper is prepared on the basis of publicly available information and an MBIE response to a TINZ Official Information Act request. Where evidence is incomplete or a claim could not be independently verified, that is noted in the text rather than asserted as fact.

Summary

New Zealand should prioritise beneficial ownership registers for both companies/limited partnerships and trusts because:

- Our current financial systems are vulnerable to money laundering. Regulators, businesses and the public need reliable ownership data to fight financial crime. New Zealand businesses are also limited in their capacity to evaluate the risks of supplying or investing. (Section A).
- New Zealand's FATF and UNCAC standing shows real but incomplete progress. The gap that remains is specific and fixable rather than vague (Section B).
- Work has started and stopped repeatedly. That pattern is not accidental: it reflects the near-total absence of lobbying regulation in New Zealand, a shrinking investigative media sector less able to track who benefits from delay, and genuine, recorded industry pushback (Section C).
- New Zealand is behind comparable jurisdictions, noting that international court activity has had an effect (Section D).
- Meaningful access can be designed to protect genuine personal privacy while withholding cover from commercial concealment. These are not the same interest, and international human-rights law treats them differently (Section E).
- Trusts and companies carry different risk profiles and have been used differently to move and hide money in New Zealand-linked cases. Policy should treat them accordingly rather than as a single undifferentiated problem (Section F).
- For trusts, a voluntary private register - offering a reduced customer due diligence burden in exchange for registration - is a deliberately designed risk-triage tool, not a substitute for fuller reform (Section G).

Recommendations

1. Combine the policy work and creation of the companies register and trust register into a single legislative and technical programme, to avoid competing for the same drafting and select-committee capacity.
2. Build a beneficial ownership register for companies and limited partnerships by embedding beneficial ownership fields into the Companies Office's existing Annual Return, giving access to relevant regulatory agencies and parties with a demonstrable interest.
3. Enable a defined, actively administered exemption pathway for the natural persons behind an entity who can show a specific safety or welfare reason for their own personal details to be redacted, consistent with the approach already taken for company directors under the Companies (Address Information) Amendment Act 2025.
4. Build the trust register on the UK model, which requires almost all UK express trusts to register - not only those with a tax liability - and is accessible to the tax authority, law enforcement and regulated businesses conducting due diligence.
5. Introduce a voluntary private register for low-risk 'family trusts' (a term used loosely here to describe ordinary domestic trusts, not a defined legal category) that grants a reduced-due-diligence pathway in exchange for registration, while retaining full enhanced due diligence as the default for any trust that does not register.
6. Establish a statutory lobbying register and a code of conduct for lobbyists, so that the interests shaping beneficial ownership policy - and every other policy area - are visible to the public that reform is meant to protect.

A. The weaknesses in our current systems make New Zealand vulnerable to money laundering, despite technical adjustments

The FATF's 2021 evaluation

The Financial Action Task Force (FATF) Mutual Evaluation Report 2021[2] found that:

> *"Major gaps remain in New Zealand's framework: there are insufficient measures to mitigate the risks posed by nominee directors and shareholders; insufficient mechanisms for authorities to obtain adequate, accurate and current beneficial ownership information for legal persons and insufficient measures for adequate, accurate and current information on trusts, which are very common in NZ."*

FATF has reported some improvements in its Follow-Up reports, but there remain several areas including a lack of ultimate beneficial ownership registers for companies/limited partnerships and for trusts.

The Companies Register does not solve this

New Zealand's Companies Register is not a beneficial ownership register: it records registered shareholders and directors, not the natural persons who ultimately benefit. Domestic express trusts remain opaque. The Financial Intelligence Unit's (FIU) own compiled figures, cross-referenced with the 2021 FATF Mutual Evaluation Report, show how large the uncaptured population is:

Legal entity	Number (2020, unless noted)	Regulator
Limited liability companies	649,217 (approx. 730,000 by August 2024)	MBIE
Limited partnerships	2,818	MBIE
Domestic express trusts	300,000–500,000 (2022 estimate)	Unregistered – Ministry of Justice estimate
Māori Land Trusts	20,795	Māori Land Court (MoJ)
Charitable trusts (Charities Services)	25,709	Dept of Internal Affairs
New Zealand foreign trusts	2,807	Inland Revenue
Total legal persons and arrangements	**Approx. 1.05–1.25 million**	-

Source: NZ Police FIU, Strategic Assessment: Ultimate Beneficial Ownership Central Register (September 2024), Table 2, based on the FATF Mutual Evaluation Report – New Zealand (2021) p.137 and MBIE/DIA/IR data. Of well over a million legal entities, the only category with any beneficial-ownership-style registration is New Zealand foreign trusts – fewer than 0.8% of the total.

[2] Mutual Evaluation of New Zealand, FATF/APG, 2021. https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-new-zealand-2021.html

The cost of an absence of a central register

Apart from limiting the ability of regulators to address crime in New Zealand, the lack of a central register of beneficial ownership causes New Zealand businesses to be limited in their capacity to evaluate the risks of supplying or investing. This exposes New Zealand business to higher risk of commercial loss and reduces access to capital.

A Register would materially benefit the private sector to make commercial decisions through:

- better management of financial risk exposure and counterparty stability;
- faster customer due diligence in real estate transactions, which routinely involve up to nine interlocutors each required to conduct some form of due diligence, and where agents currently have limited ability to verify individuals associated with trusts and must rely on the customer's own account; and
- easier market entry for first-time investors, who may otherwise struggle to demonstrate the 'legitimate interest' that a restricted-access system would require of them.

This was the reason Companies House was created in London in the first place - to house a register so that business people could know who the people were behind the companies and decide whether to trust them.

The FIU report Strategic Assessment: Ultimate Beneficial Ownership Central Register (September 2024)[3] sets out further practical effects of not having a beneficial ownership register:

NZ Police FIU - practical effects of an absent central register

Effect	Result
Hinders timely access to accurate beneficial ownership information, creating false links among companies sharing nominee directors or shareholders.	Higher operational costs for agencies and for reporting entities responding to false matches.
Agencies must respond to public information requests that a central register could answer directly.	Diverts agency capacity from core service delivery.
Links between offenders and legal persons/arrangements go undetected.	Lost opportunities to restrain assets for the Crown.
Reduces inter-agency cooperation.	Creates duplication costs from lack of shared visibility.
Hampers the FIU's ability to assist domestic and international investigations.	Damages New Zealand's reputation and degrades financial intelligence.
Agencies are less likely to detect misreporting by corporate service providers acting as enablers.	Criminal activity is detected only after the fact, raising economic and societal cost.
Reduces researchers' ability to uncover laundering, terrorism financing, sanctions evasion, tax evasion and procurement corruption.	Reputational damage and higher investigatory cost.
Hinders identifying the source of funds behind a wire transfer.	Higher time and opportunity cost for agencies and reporting entities, especially banks.
Complicates tracking shell and shelf companies used for illicit activity.	Additional cost for agencies and distorts fair business competition.
Liquidations stall when ultimate ownership is obscured.	Denies creditors – including ordinary New Zealanders – money owed to them.
Complicates and delays customer due diligence and know-your-customer checks.	Forces reporting entities to choose between cost and compliance.
Prevents institutions from verifying who they are dealing with, where nominees or bearer-form shares are used.	Heightened financial risk exposure across the economy.

Trusts specifically

[3] New Zealand Police Financial Intelligence Unit, Strategic Assessment: Ultimate Beneficial Ownership Central Register, Sept 2024.

The FIU reports that significant risks exist for trusts, with high levels of vulnerability identified by the FIU, the Department of Internal Affairs and Inland Revenue. It is well known that companies with multiple natural persons listed as shareholders often indicate one or more trusts behind the company's control. Because trusts do not have to be registered, there is no public record, and the beneficiaries who are likely the ultimate beneficial owners remain unknown - providing what the FIU describes as near-perfect concealment. In the FIU's data, 'Trust' was, on average, the fourth most referenced keyword in Suspicious Transaction Reports shared with the DIA in the period to August 2024, after 'remit', 'Crypto' and 'Cryptocurrency'.

What is known about trusts, from tax data

TINZ sought information from Inland Revenue in 2022 on the type and number of trusts in New Zealand; only partial statistics existed at that time. Disclosure requirements introduced in 2022 applied only to trusts that comply with the trust disclosure rule relating to positive income and taxable income.

In the 2024 tax year, the number of trusts and estates filing tax returns fell 3.2% on the year to 233,000. In that tax year, trustee income increased by 167.5% to $40.6 billion compared to the prior year. Income allocated to beneficiaries increased by 23.3% to $6.7 billion.[4] Inland Revenue attributes the increase in income allocated to trust beneficiaries in 2024 to companies paying dividends to their trust owners, driven by the increase in the trustee tax rate to 39% on 1 April 2024.

[4] Inland Revenue, Trusts and estates statistics — IR6. https://www.ird.govt.nz/about-us/tax-statistics/revenue-refunds/trusts-and-estates-statistics/trusts-ir6

B. New Zealand's compliance status: progress, but specific gaps

The risk of non-compliance with FATF and UNCAC recommendations is not abstract.

FATF grey-listing

Countries with significant deficiencies are placed on a public grey list, entailing intensive monitoring, mandatory enhanced due diligence by financial institutions worldwide, reduced investor confidence and difficulty accessing international banking and markets.[5] IMF research by Kida and Paetzold (2021) found grey-listing associated with a statistically significant 7.6% average decline in capital inflows, with separate declines of up to 10% in cross-border payments and 16% in cross-border bank liabilities.[6] As a FATF member, New Zealand is not immune - Iceland, Türkiye and South Africa have all been grey-listed in recent years, and South Africa's two-year listing generated costly delays to cross-border transactions and foreign investment, with ongoing commitments still required.

With the regulatory adjustments that have occurred since 2021 and subsequent FATF follow-up reporting, it looks less likely that New Zealand would be placed on a grey list. There is some reservation in this assessment. New Zealand's next FATF Mutual Evaluation is due in 2029. FATF has signalled that its fifth round of evaluations will place greater weight on effectiveness than technical compliance - a country must show that, given the risks it faces, its framework actually protects the financial system from abuse, not merely that the right rules exist on paper. So, whatever is done between now and then will need to be effective in countering money-laundering.

What New Zealand's own compliance record shows

New Zealand's most recent published ratings (Third Enhanced Follow-Up Report, 2024) show measurable, if uneven, progress. Since the 2021 evaluation, five Recommendations were formally re-rated upward in 2024 (Recommendations 14, 16, 19, 22 and 23). There have been technical adjustments around customer due diligence and improvements in the requirements for registered entities to identify and report red-flag ultimate beneficial owners. Limited partnerships remain an area of weakness: there is insufficient public information on limited partnerships, and no requirement for limited partnerships to keep proof-of-incorporation or registration records.

Recommendation 25 (trusts) was re-rated upwards in the 2022 Follow-Up report, possibly due to IRD being able to require reporting by revenue-earning trusts, and due to some due diligence requirements for reporting entities. Nevertheless there remain weaknesses, according to FATF: the Trust Act 2019 does not explicitly require obtaining adequate, accurate and current information on the identities of the parties to a trust; non-reporting-entity trustees face no equivalent requirement to obtain beneficial ownership and control information beyond those named in the trust deed; there is no explicit requirement for trustees to disclose their status to reporting entities; there is no information-sharing agreement between Inland Revenue and the other supervisors (the Reserve Bank and the Financial Markets Authority); and sanctions do not apply to non-professional trustees.[7]

Whilst the gap has narrowed, more needs to be done, especially the level of transparency that enables investigations and improves business practices.

UNCAC

New Zealand's second-cycle review under the UN Convention against Corruption, covering prevention and asset recovery, concluded following a May 2025 country visit on which TINZ led a civil society submission.[8]

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[5] AML Incubator, The FATF Grey Listing: What It Is, Who's On It, and What Your Compliance Program Must Do. https://amlincubator.com/blog/the-fatf-grey-listing-what-it-is-whos-on-it-and-what-your-compliance-program-must-do

[6] Kida, M. and Paetzold, S., The Impact of Gray-Listing on Capital Flows: An Analysis Using Machine Learning, IMF Working Paper WP/21/153, 2021.

[7] FATF/APG, New Zealand: Third Enhanced Follow-Up Report and Technical Compliance Re-Rating, 2024, Table 1 and the entries for Recommendations 24 and 25.

[8] Transparency International New Zealand, Submission on New Zealand's Implementation of its Commitments under UNCAC.

The Executive Summary (19 January 2026) is a formally negotiated document - its text is agreed with the reviewed government before publication, so its findings on beneficial ownership carry the weight of something New Zealand's own officials have accepted as accurate.

- Under Article 12, reviewers record that beneficial ownership information is not systematically collected for New Zealand legal persons; the Registrar can only request such data case by case for law enforcement purposes rather than hold it centrally; and while drafting of beneficial ownership legislation had begun, a bill had not been introduced at the time of review.
- Under the asset-recovery provisions (Articles 52 and 58), reviewers state without qualification that New Zealand does not have a centralised beneficial ownership register.
- Under New Zealand's simplified customer due diligence regime, obliged entities are not required to identify or verify beneficial owners at all - a gap in the underlying law, not only in the register.

The Executive Summary recommends that New Zealand “finalize and operationalize a robust beneficial ownership register covering all relevant legal vehicles,” covering both companies and trusts.[9] It also flags two compounding weaknesses: New Zealand's AML/CFT definition of a politically exposed person excludes domestic public officials entirely, and there is no systematic financial disclosure regime for public officials. Both reduce the value of whatever beneficial ownership data is eventually collected, since a register has limited use for detecting domestic official corruption if officials themselves face no enhanced scrutiny.

[9] UNCAC Executive Summary on New Zealand, Article 12, para. 2(c), January 2026.

C. Work has started and stopped - a pattern with identifiable causes

A decade of restarts

New Zealand included a commitment to a public beneficial ownership register of companies and limited partnerships in its 2023–2024 Open Government Partnership National Action Plan. In October 2022, Cabinet agreed to Ministry of Justice proposals arising from the statutory AML/CFT review, covering counter-proliferation financing, supervision, beneficial ownership transparency and customer due diligence.

The then Labour government indicated a preference for an open register including trusts, unique identifiers for directors and owners, and a single regulator; work was under way before the 2023 election, led by MBIE on the registers and the Ministry of Justice on regulation.

A sudden halt by the Minister: when and why

Our Official Information Act Request[10] reveals that in early April 2024 officials acknowledged that (now former) Minister Bayly had recently advised officials that he did not intend to progress with a Register of Beneficial Ownership as part of the Corporate Governance Amendment Bill. The reason for this U-turn is opaque. It was made against his officials' advice, and apparently without consultation with other Ministers. In April 2024 officials provided background information on the beneficial ownership register and the potential consequences of not progressing it, and a one-pager to aid discussions about the register with other Ministers whose work overlapped (e.g. AML).

Former Minister Bayly's Cabinet paper in August 2024 provides his stated reasons directly: the register would add a small compliance burden to companies, and its complexity would delay other reforms. The former Minister's August Cabinet paper advised that the Ministry of Justice, Police, the Serious Fraud Office, Customs, the Ministry for Primary Industries and the Public Service Commission all raised concerns about the decision, noting the implications for law enforcement and the risk it created ahead of the 2029 FATF evaluation.[11]

We know from the OIA that MBIE officials advised the Minister in April 2024 that:

- Legislation had been drafted for essential elements: both the BO register and unique ID.
- The register set-up cost would be $7 million. Implementing the ID numbers would be funded from the Proceeds of Crime Fund. Ongoing costs (estimated at $3.5 million per annum, or approximately $5 per company per year if split equally) would need to be met by businesses.
- The key policy objective of the Register is to fight crime.
- The Register would help meet Financial Action Task Force requirements.
- Due to the importance of the Register to the Justice sector, officials recommended the Minister hold discussions with ministerial colleagues with an interest in the Register from an AML and crime-fighting point of view (Ministers McKee, Mitchell and Costello).
- In a public consultation in 2018 most submitters supported the Register. Non-governmental stakeholders with an interest in transparency are strongly in support of a public register.
- The planned register involved verification by beneficial owners. Moving to a step of verification by the Registrar of beneficial owner identity would cost more.
- Separating out beneficial ownership or elements of from the whole of the Corporate Transparency Act would be inefficient, would cost more and would delay progress.

A trust register appears

[10] OIA sought and received by TINZ in July 2026, provided on the TINZ website.

[11] Vaughan, G., Companies Act modernisation won't include beneficial ownership register, interest.co.nz, 21 August 2024.

A closed trust (beneficial ownership) register - for trusts only - surfaced when the underlying Cabinet papers were proactively released in February 2025, with a Bill originally slated for introduction by April 2026 following further Cabinet decisions in April 2025; that timeline has now slipped. The companies/limited-partnerships register resurfaced in the Transnational, Serious and Organised Crime Action Plan 2026–2030, released in December 2025, but with little visible action since and costings redacted.

Why the pattern keeps repeating: two New Zealand-specific factors

Two structural features of the New Zealand policy environment help explain why this issue keeps being deprioritised rather than simply delayed.

1. There is no lobbying register

New Zealand has no register of lobbyists, no requirement that lobbyists disclose their clients, and no code of conduct governing movement between senior government roles and the private sector.[12] A Ministry of Justice review has been under way for some years; as at January 2026 it was still assessing the scale and scope of any regulatory option, and the direction of travel appears to favour a voluntary code rather than a statutory register - an approach Transparency International New Zealand and the lobbying industry itself have described as unlikely to be effective without genuine political commitment.[13]

This matters directly for beneficial ownership policy: businesses involved in supporting equity capital markets, including limited partnership operations, companies and trusts, were more likely to prefer the status quo rather than more transparency. This was evident in the 2018 MBIE consultation, where the argument was put by several of these organisations against disclosure of beneficial ownership, arguing it would impose unnecessary compliance costs and bureaucracy and would 'trespass across the right to use legitimate long-established arrangements to protect privacy and confidentiality'.[14]

That 2018 submission is a legitimate part of the policy process. But without a lobbying register the public cannot see the fuller and subsequent picture: who else made representations, to which Ministers, and when, between that 2018 submission and the 2024 decision to shelve the register. The absence of that visibility is itself a policy gap worth closing, and TINZ has argued for it separately.[15]

[12] Ministry of Justice, Political lobbying. https://www.justice.govt.nz/justice-sector-policy/key-initiatives/political-lobbying/

[13] Transparency International New Zealand, media release: draft voluntary lobbying code of conduct lacks substance.

[14] Chapman Tripp, Beneficial ownership register — a case of sledgehammer vs nut.

[15] Transparency International New Zealand, Get Lobbying into the Sunlight.

2. A shrinking investigative media sector

Uncovering how beneficial ownership gaps are actually exploited - as opposed to demonstrating that a gap exists in principle - has historically depended on investigative journalism with the time and resources to trace corporate and trust structures across jurisdictions (the New Zealand-linked findings in the Panama Papers and the Azerbaijani Laundromat, discussed in Section F, are examples). New Zealand's newsrooms have contracted significantly over the past several years, including major closures and restructures across television and print. A smaller investigative capacity means fewer resources available to do the cross-referencing that a public register would otherwise make redundant - reinforcing, rather than easing, the case for a register that lets the public do this work directly rather than relying on a shrinking pool of specialist reporters.

D. New Zealand is behind comparable jurisdictions - and the international picture is more complex

Beneficial ownership registers are widespread across the world. Of 190 jurisdictions tracked by *Open Ownership*[16], 104 have an operational register, a further 31 are implementing one, and 35 are planning one; New Zealand currently sits in the planning group.

Of the 104 live registers, 47 are open to the public; 23 restrict access to defined categories short of the public (obliged entities, civil society or journalists on request, or parties with a demonstrable interest); and 22 are confined to the registrar and competent authorities, with no public or private-sector access.

Trusts are frequently handled through a separate, narrower-access regime even where a country's companies register is public - the UK's Trust Registration Service (HMRC, authorities-only) and the Netherlands' UBO register for trusts (restricted) are examples. Offshore trust and company centres such as Jersey, Guernsey, the British Virgin Islands and the Cayman Islands collect beneficial ownership on companies but have historically been far less clear about equivalent registers for trusts - a gap repeatedly flagged in FATF mutual evaluations.

Global headwinds: why 'catching up' is not straightforward

Two developments complicate a simple narrative that New Zealand merely needs to catch up to where the world already is.

The European Union. In November 2022, the Court of Justice of the European Union ruled, in WM and Sovim SA v Luxembourg Business Registers, that the EU's Fifth Anti-Money Laundering Directive provision granting the general public near-unrestricted access to beneficial ownership data was invalid, as a disproportionate interference with privacy and data-protection rights.[17] Several EU states, including Germany, subsequently tightened access from public to a 'legitimate interest' model, and the EU's 2024 AML Package is now standardising that more restricted model across the bloc.[18] This was a judicial ruling responding to a specific privacy challenge, not a government-led rollback. However it has made governments rethink legal-privacy ground issues.

May 2026 development

On 21 May 2026 the CJEU ruled on a reference from the Italian Council of State concerning access to that country's beneficial-ownership register. The Court confirmed that public access conditioned on a legitimate interest is compatible with Articles 7 and 8 of the Charter, since the EU legislature is pursuing a legitimate aim in preventing money laundering and terrorist financing. In effect, the Court has endorsed the AMLD6 model rather than reopening the door to the 2022 restrictions.

European jurisprudence now supports properly designed access regimes, provided they are gated by a legitimate-interest test rather than being wholly unrestricted. Courts and legislatures overseas have converged on a workable model, and it is one New Zealand could adopt without any earlier perceived risk.

The United States. In March 2025, the U.S. Treasury's Financial Crimes Enforcement Network issued a rule eliminating beneficial ownership reporting under the Corporate Transparency Act for all US-formed companies and US persons, leaving only foreign-registered entities in scope.[19] That followed a successful industry-backed constitutional challenge (National Small Business United v Yellen), in which a federal court found the Act unconstitutional as applied to the plaintiffs in March 2024.[20] It is also consistent with the policy direction set out in Project 2025, the Heritage Foundation's transition blueprint, whose Treasury Department chapter called for the Act's repeal and a wider review of AML/CFT rules. The Heritage

[16] https://www.openownership.org/en/map/

[17] CJEU: No Unrestricted Access to Data of Beneficial Owners, eucrim, 2022.

[18] Public access to beneficial ownership information restricted following CJEU decision, McCann FitzGerald, 2023.

[19] FinCEN Removes Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, FinCEN, 21 March 2025.

[20] Federal Court Declares the Corporate Transparency Act Unconstitutional, Mayer Brown, March 2024.

Foundation is a leading partner of the Atlas Network, a US-founded network of free-market policy organisations.[21]

[21] Project 2025, Wikipedia, accessed July 2026; Atlas Network, Wikipedia, accessed July 2026. The connection between the Project 2025 recommendation and the March 2025 FinCEN rule is one of consistency and timing, not established direct causation; Treasury's own stated rationale was regulatory-burden reduction.

E. Whose privacy is actually at stake?

The EU ruling in Section D turns on a distinction that privacy, as a human right, belongs to natural persons. The Universal Declaration of Human Rights protects individuals from arbitrary interference with their privacy, family, home or correspondence.[22] A company or a trust, as a legal construct, does not itself hold a privacy right in the same sense - what a company or trust structure can claim is commercial confidentiality, a different and lesser interest that exists to protect competitive position, not personal dignity.

This distinction does not make the privacy objection to public registers illegitimate - it narrows it to where it actually applies. Two genuinely different situations get collapsed together in most public debate on this issue:

- **Legitimate personal privacy:** a family wanting modest, unremarkable financial affairs kept out of public view; parents providing for a disabled child through a trust structure who have good reason not to want that child's circumstances searchable by name; personal safety concerns for individuals at real risk (for example, from family violence). These are natural-person privacy interests and deserve real protection, including redaction and exemption mechanisms of the kind New Zealand has already legislated for company directors under the Companies (Address Information) Amendment Act 2025.
- **Concealment of commercial or financial activity:** using an entity structure specifically because it obscures who controls it, in order to launder money, evade tax, evade sanctions, or hide the proceeds of corruption. This is not a privacy interest in the human-rights sense - it is the use of legal personality to avoid accountability for market-facing conduct that already carries public-facing legal privileges such as limited liability.

A register designed well should distinguish between these two cases rather than treat all beneficial ownership information as uniformly sensitive. Options could be:

- Full public access to who controls an entity and what kind of interest they hold; OR
- Public access conditioned on a legitimate interest (obviously including regulatory authorities but also others with a legitimate interest in preventing money laundering and terrorist financing);

AND with both options-

- An exemption pathway for the natural persons behind that entity who have a specific, demonstrable safety or welfare reason for their own identifying details (not the entity's existence) to be withheld or redacted.

The case for public accessibility

- Investigators, journalists and business counterparts cannot ask questions they don't know to ask. Restricted-access systems require someone to already suspect a specific person before they can search; public registers allow the undirected pattern-recognition that has repeatedly been how concealment gets uncovered in the first place.
- Public registers multiply the number of people checking the data at zero cost to the state, turning journalists, researchers, counterparties and competitors into a distributed verification network - a function New Zealand's own shrinking investigative media sector (Section C) makes more, not less, valuable.
- 'Legitimate interest' tests, as the EU's post-2022 experience shows, can become circular gatekeeping: an applicant may need to demonstrate the very link to wrongdoing that the search itself was meant to establish.
- Visibility from the point of setup shifts the incentive against using anonymous structures earlier in the process, rather than only once an investigation is underway.

[22] Universal Declaration of Human Rights, Article 12. United Nations, 1948.

- Cross-border due diligence, for banks, other governments and international bodies, is materially easier with direct or programmatic access (as Estonia offers) than with separate legitimate-interest applications in every jurisdiction a structure touches.

F. Trusts and companies carry different risks, and have been used differently to hide money

There is a genuine distinction in risk assessment between 'beneficial ownership' of companies and that of trusts. Companies and trusts are easy to set up in New Zealand, but they differ sharply in the oversight already attached to them, and - on the New Zealand-linked evidence available - in how they have actually been exploited.

Relative ease of setup and existing oversight

- **Companies and limited partnerships:** must register with MBIE, appear on a public register, disclose directors, file annual returns, and (for companies) maintain a share register. This creates a paper trail even though beneficial ownership itself is not captured - the entity's existence, its officers and its compliance history are all visible and checkable.
- **Trusts:** require no registration, no public record and, per Section B, no obligation on most trustees even to identify the parties to the trust. A trust can be established with a private deed and never appear in any public system unless it happens to be a charitable trust or a compliant taxpayer under the 2022 disclosure rules.

This asymmetry means trusts are, structurally, the higher-risk vehicle for concealing who ultimately controls assets, while companies - precisely because they already carry more visible infrastructure - have more often been the vehicle through which illicit money is moved at volume, frequently with the help of a small number of trust and company service providers who service both entity types.

New Zealand-linked cases: trusts

New Zealand's foreign trust population grew from roughly 2,000 to between 10,500 and 12,000 in the years before the 2016 Panama Papers leak, much of it facilitated by the Auckland branch of Mossack Fonseca, the Panama-based law firm at the centre of that leak.[23] Named cases from that leak include a Canadian-born businessman wanted by US authorities on money-laundering and illegal-gambling charges, who held a New Zealand trust, and a former Maltese government minister who established a New Zealand trust described as being for family estate planning.[24] The mechanism in these cases was straightforward: a New Zealand trust holding assets or income sourced and used entirely offshore attracted no New Zealand tax, and because trusts are unregistered, attracted no public visibility either.

New Zealand-linked cases: companies

In the Azerbaijani Laundromat, an OCCRP investigation identified eight New Zealand companies, several serviced by Equity Trust International - a New Zealand trust and company service provider that had already received a formal anti-money-laundering warning from the Department of Internal Affairs. One of those companies, Jetfield Networks, was the scheme's third-largest contributor at approximately US$105 million; two others contributed a combined US$142.5 million.[25] Separately, the Russian Laundromat used a core network of 21 shell companies spread across the United Kingdom, Cyprus and New Zealand to move an estimated US$20 billion.[26]

What this comparison suggests for policy

Trusts have mainly been the vehicle for concealing who owns wealth; companies, often serviced by the same small pool of New Zealand trust and company service providers, have more often been the vehicle for moving other people's illicit money through the New Zealand financial system at scale. Both point back to the same underlying gap - no requirement to know or verify who actually controls the entity - but the practical fix differs: for companies, the priority is adding a beneficial ownership layer to an already-visible

[23] Panama Papers: Mossack Fonseca leak reveals New Zealand used to keep tax secrets, NZ Herald, 2016.

[24] NZ at heart of Panama money-go-round, RNZ, 2016.

[25] The NZ links to the alleged US$2.9b Azerbaijani Laundromat, interest.co.nz.

[26] The Russian Laundromat Exposed, OCCRP.

structure; for trusts, the priority is establishing visibility in the first place, which is a larger step and explains why a differently designed mechanism (Section G) may be more achievable in the near term.

G. A practical proposal for trusts: a voluntary private register with a compliance-cost incentive

Because establishing any visibility over New Zealand's 300,000–500,000 domestic express trusts is a larger step than adding a beneficial ownership layer to an already-registered entity, TINZ proposes a narrower, deliberately designed interim mechanism: a voluntary private register for ordinary domestic trusts - referred to informally here as 'family trusts', a term in common New Zealand usage rather than a defined legal category - administered by, or accessible to, the relevant regulators and reporting entities, but not the general public.

This would result in a risk-triage tool, not a concealment-detection tool:

- Registration would be voluntary, but would carry a direct, tangible benefit: a trust that registers and provides basic settlor, trustee and beneficiary information would qualify reporting entities to apply standard, rather than enhanced, customer due diligence to that trust, reducing compliance cost and delay for both the trust and the reporting entity.
- This is deliberately designed to be self-selecting. Ordinary trusts with nothing to hide - family estate planning, provision for a disabled beneficiary, modest asset protection - have every incentive to register, since the compliance-cost saving is real and the disclosure is low-risk for them. A significant proportion of New Zealand's trust population is expected to fall into this category and would self-select onto the register.
- Trusts that do not register default to full enhanced due diligence, as now. This does not, on its own, catch trusts being used to conceal ownership - a trust with something to hide has no incentive to register, since the compliance saving is worth less to it than the disclosure risk. The register does not solve that problem.
- This proposal is different to the arrangements released in recent AML reforms. The new rules allow reporting entities to waive EDD if, in their opinion, the trust is of low risk. Rather than a safe-harbour provision (automatic standard due diligence for registered trusts), the new rules place the risk burden upon the reporting entity. In all likelihood, this proposal in the AML reform documents will increase compliance costs, as it adds an additional step and requires a much more robust surveillance system to be put in place by the reporting entity.

In contrast, a voluntary mechanism achieves a reduction in scope for regulators and reporting entities: by removing a substantial share of low-risk, self-declared trusts from the pool requiring full enhanced due diligence, it concentrates scarce investigative and compliance capacity on the residual population of unregistered trusts, where risk is, by construction, more concentrated. That is a genuine efficiency gain, and it is also why the register must never be allowed to become a substitute for enhanced due diligence - the moment enhanced due diligence is removed as the default for non-registration, the incentive structure that makes the voluntary register self-selecting collapses, and it would function only as cover for trusts that specifically chose not to register.

This proposal is a practical, near-term complement to a fuller UK-model trust register. It is a way to make progress and demonstrate feasibility while the larger legislative and technical programme for a full register is built, not as an alternative to it.

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