**Recommendations to Armenia based on study of best practices of asset disclosure**

1. Extend the scope of the asset declaration form
	1. Add disclosure of expenditures above certain threshold. Such disclosure is important for the analysis of financial flows (including through automated verification of declarations) and detection of illicit enrichment.[[1]](#footnote-1)
	2. Introduce disclosure of beneficial ownership and control of assets and income, i.e. assets or income that is formally owned by any other person, including family members, but from which the declarant/family member receives or can receive income (beneficiary) or has the de facto possibility to dispose of it (control).
	3. Introduce disclosure of shares or other stake owned in the legal entities, as well as the beneficial ownership in companies. Such information should include details about the entity (name, address of registration and head of office, registration/tax number, contacts).
	4. Add disclosure of trusts in which declarant or his family members are beneficiaries, nominal owners or settlers.
	5. For declarations after assuming office, add information about prior places of work (e.g. during previous 3 years) to better track interests and detect conflicts.
	6. In the real estate section, add information about unfinished constructions.
	7. In the monetary assets section, ensure that different types of assets are clearly identified, including information on cash held outside of banks, cash held in bank safe deposit boxes (with the indication of the specific bank and its branch).
	8. Capture information about bank accounts and banks in which they are opened, even if no money was deposited at the time of submission or in the end of the reporting period.
	9. Capture information about counterparties to transactions, e.g. if property was sold or acquired during the reporting period the declaration should mention the person/entity who acquired/sold the property. This will allow detecting conflicts of interest and fake transactions performed to hide assets, inflate income, etc.
	10. Section on securities should include information not only about the type and value of the security but also the details of the issuer of the security.
	11. Section on loans, should include information about interest owed or paid.
	12. The declaration should capture financial liabilities of the declarant and family members (loans or credits received or outstanding during the reporting period, other liabilities, e.g. insurance); this section should include details about the lender/creditor, overall amount of liability, outstanding unpaid amount, interest.
	13. Ensure that declaration form has dropdown menus reflecting main types of assets to limit manual input of data, e.g. “type of income” field should have as options all main types of income, including such specific ones as monetary gifts, non-monetary gifts, awards and prizes, income from gambling, income from lottery.
	14. If the property owned by the declarant/family member is the source of income it should be reflected in the declaration form in the section on this specific property (even if also mentioned in the section on income).
	15. In all sections, if the asset is not owned but used by the declarant/family member, the declaration should include information about the owner of the asset with the necessary personal details to make it possible to identify such person. This is important for the detection of conflicts of interests and automated verification of declarations.
	16. In all sections, if there are several co-owners of the asset all such co-owners should be mentioned in the declaration.
	17. If declaration mentions a legal entity, it should capture the registration number of such entity in the company/tax register of Armenia or registration in the court, trade, company or other relevant registries of foreign countries for foreign companies, address of registration and head office, contact details.
	18. Generally, all information that is to be declared with regard to the declarant should be also declared with regard to the family member, exceptions should be limited.
	19. Threshold for including assets in the declaration should be the same for the declarant and for the family members.
2. Introduce one universal declaration form that covers all types of declarants and declarations by:
	1. Merging declarations of assets and interests.
	2. Merging declaration forms for the declarant and his family members into one to be submitted by the declarant.
	3. Merging declaration forms to cover in one form all different declaration types depending on the time of submission (entry, annual, termination of office).
3. Eliminate paper-based submission of declarations.
4. Ensure the broadest possible public disclosure of information from the declarations. Exceptions should be limited to the ones that are strictly necessary to protect privacy and security of persons (e.g. exact address of the real estate – while leaving public information about the city, village and region where it is located; date of birth; ID number of natural persons). No information about legal entities should be restricted in access. There should also be no special threshold (e.g. value of the asset) for making information public, if it is recorded in the declaration it should be public.
5. Implement electronic automated verification of declarations based on risks (red flags). Such verification could include the following operations:
	1. Comparing data within the declaration to look for logical or other discrepancies.
	2. Comparing data with the previous declarations of the declarant to look for discrepancies and changes that raise red flag.
	3. Comparing data with other declarations (to check for deviations from the average values).
	4. Comparing data with external databases to look for discrepancies.

**ANNEX I**

**BEST PRACTISES ON THE SCOPE AND CONTENT OF THE ASSETS DECLARATIONS**

1. **UNITED KINGDOM**

**House of Commons Register of Interests**

The register was set up in May 1974 and is maintained by the Parliamentary Commissioner for Standards as laid out in the House of Commons Standing Order No. 150. The purpose of the register is to encourage transparency and accountability. It is "to provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in the capacity of a Member of Parliament".

The register is not intended to be an indicator of a member of parliament’s personal wealth, nor is registration an indication that a member is at fault. Transparency is also promoted by the obligation on members to declare in parliamentary debates or proceedings and dealings with other members, ministers or public servants, all interests, whether registrable or not and including indirect, past and future interests which are relevant to the business in hand. While the obligation to register outside **employment, sponsorship, property and shareholdings is absolute, in respect of other gifts and benefits** the requirement is only to register those interests which in any way arise out of membership of the House of Commons.

 In line with this principle, the interests of spouses, partners and dependent children are registrable only if they arise out of their relative's position as a Member, or if they are held jointly with, or by, the member. The interests which are to be registered are set out in the "Code of Conduct and Guide to the Rules relating to the Conduct of Members", first agreed in July 1996 and revised in May 2002 and July 2005. The financial thresholds over which an interest must be registered are mainly based, for convenience, on percentages of an MP's salary: **one per cent, or currently GBP 590, for employment, gifts and hospitality; ten per cent, or GBP 5,900, for rental income; and a hundred per cent, or GBP 59,000, for property and shares.**

 The exception is sponsorship, where the threshold has been set at GBP 1,000 to match that set for registration with the Electoral Commission. Continuing interests like employment or property remain on the register until the member asks for them to be removed. 'One-off' benefits like gifts, visits and donations appear with their date of registration and remain on the register for a year from that date and until they have appeared in one printed register. Entries made in the register aim to give a clear description of the nature and scope of the interests declared. Subject to the rules provided, however, each member is responsible for the content and style of his or her own entry.

**Interests are registered under the following ten categories:**

1. Remunerated directorships

 2. Remunerated employment, office, profession etc.

3. Clients

4. Sponsorship or financial or material support

5. Gifts, benefits and hospitality (U.K.)

6. Overseas visits

7. Overseas benefits and gifts

8. Land and property

9. Registrable shareholdings

10. Miscellaneous and unremunerated interests

1. **CROATIA**

Types of income and assets and expenditures that need to be declared:

The declaration on the financial situation of officials, judges, state attorneys and deputy state attorneys contains information on income and assets of officials, their spouse or common-law partners and minor children.

The Act on Preventing the Conflict of Interest prescribes that the assets and income declaration should include the information about the duties performed by officials professionally or unprofessionally, data on other duties performed by officials and the other activities they perform and data on the activity officials performed immediately before taking office.

 Furthermore, the declaration should include the data on income that on any basis is earned by the official, or other persons on whose income and assets the official is obliged to report and which are within the legal system categorized as:

* **income from employment (salary),**
* **income from self-employment,**
* **income from property and property rights,**
* **investment income**
* **income from insurance,**
* **or any other income.**

As for receipts – specifically those receipts that are not considered to be income and receipts that are not subject to income tax should be indicated. The salary of officials in terms of the provisions of the Act on Preventing the Conflict of Interest and the obligation of assets and income declaration and the sources and methods for acquiring the assets of officials is considered to be the only cash received for holding public office, except for reimbursement of travel and other expenses.

The Act on Preventing the Conflict of Interest prohibits officials from receiving additional compensation for the performance of duties of public office.

Article 12 of the Act on Preventing the Conflict of Interest prescribes that officials who in the exercise of public duties **receive a salary for the office they hold may not receive any other salary or other compensation for the performance of any other public office, unless otherwise provided by law.** Article 13 of the same law stipulates that officials who professionally exercise public office during its performance cannot for a fee or for the purpose of generating revenue perform other jobs in terms of regular and permanent jobs, unless the Commission for the Identification of Conflicts of Interest, at 50 Verification methodology the previous request of the official, determines that the said jobs do not affect the lawful exercise of public duties. In addition to the income they generate, in the data on the acquired assets the officials present ownership or co-ownership of real estate and movable property of greater value.

Movable property of higher values implies vehicles, vessels, aircraft, operating machinery, hunting weapons, artwork, jewelry and other items of personal practical value, securities, animals and other acquired movable property if their individual value exceeds HRK 30,000 (approximately €4,000), except household items and clothing.

 In the property data, the ownership of shares and stocks in a company, shares in the ownership of other businesses, as well as savings in money should be specifically presented if they exceed the annual net income of officials. Officials are required to present debts, assumed liabilities and other liabilities.

 In relation to the inherited property, officials in their asset and income declarations state the information on the type of inherited property, information on the total amount of the inheritance and information regarding the person from whom they inherited the legacy.

The declaration must contain the information on the manner of acquisition of the assets and on the sources of funding by which the assets were acquired.

1. **MONTENEGRO**

The Law on Amendments to the Law on the Prevention of the Conflict of Interest strengthened the control functions of the Commission for the Prevention of the Conflict of Interest (hereinafter: the Commission).

Thus, the Commission now has powers to carry out verifications of the reported data, i.e. to compare the data submitted by a public official with the data on the income and assets of the public official that the Commission obtains through data exchange from the following authorities in Montenegro: the Real Estate Administration, Tax Administration, Public Procurement Directorate, Ministry of Internal Affairs, Ministry of Transport and Maritime Affairs, and the Securities Commission.

 Soon, a system of electronic data transfer will be established. The electronic data check by the Commission is expected to be more effective, reliable and efficient, while also strengthening cooperation between the competent state authorities.

According to the Law, public officials are obliged to submit the income and asset reports to the Commission, as well as income and asset reports for their spouses and children, if they live in a shared household. The types of income and assets to be declared subject to different thresholds include:

**Income**

* Monthly compensations for the public offices he/she discharges
* Monthly compensation for memberships of management and supervisory bodies of public companies, institutions or other legal entities with a capital share owned by the state or municipality
* Monthly compensation for memberships of working bodies and commissions
* Debts (loans received)
* Income from the performing of other activities (scientific, educational, cultural, artistic, sports, etc.)
* Income from agriculture, renting, etc.
* Other incomes (from copyright, patent and related rights, intellectual and industrial property, etc.)

**Assets**

* Immovable and movable assets
* Stocks and shares
* Deposits in banks and other financial organizations, in the country and abroad
* Cash and securities
* Intellectual property
* Claims

Public officials are required to submit the reports within 30 days of taking public office. During the discharge of public office, public officials are required to submit the reports once a year, and in case of a change in data contained in the reports, in terms of an increase in property exceeding €5,000, within 30 days of the day the change occurred. Upon expiry or termination of his/ her term of office, a public official is required to inform the Commission thereof, within 30 days of the day of termination of the office, and submit the report. One year after leaving office, the public official submits a report to the Commission, in accordance with the state of affairs on the day of the submission of the report.

1. **FRANCE**

France asset disclosure regime is regulated by several laws.

 1 Presidential candidates, ministers and cabinet members, members of parliament (MPs) and civil servants are required to submit asset declarations. The rules in place do not cover spouses and children who are not required to report any information. The primary filers are also not required to include information relating to their spouse and children in their own declaration.

The Commission on Financial Transparency in Politics elaborated a standardized filing form, which includes guidance notes, to be used by presidential candidates, ministers, MPs and civil servants.

 The coverage requirements are the following:

1. Assets (real estate; movable assets – arts, jewelry, furniture; cash)

2. Liabilities (which are not explicitly defined)

3. Income (earned income as well as securities and investments)

The frequency of disclosure is also determined by law. The president has to submit asset declaration before the election and upon leaving office. Ministers and MPs have to submit their declarations upon taking and leaving office, and they may communicate any change in assets if they find it relevant. With regards to monitoring and oversight, presidential candidates must deposit their asset declaration to the Constitutional Court, but there is no sanction in place in case of non-compliance. Ministers and MPs have to submit it to the Commission for Transparency in Politics. In the latter case, an administrative sanction is in place in case of non- compliance. Thus, if a MP does not file a declaration of assets he or she will be ineligible to hold office for a period of one year. In addition, while the president’s asset declaration is available for free in the Official Journal of the French Republic, ministers and MPs’ declarations are not publicly available. More information on France’s asset disclosure regime is available here: An example of the form is available (in French)

1. **SWEDEN**

In Sweden, asset declaration requirements put emphasis on senior public executives. The content of statements disclosing personal financial interest includes information on assets and liabilities, loans, sources and levels of income, additional employment, gifts, and employment history. The reports filled by elected officials and senior public servants are available online. There are no legal sanctions and no strictly defined legal consequences for violations of the requirements but rather soft measures to achieve compliance. In this sense, if a member of parliament, for example, fails to submit information to the register, this compliance failure is announced at the plenary meeting. Covering a wide range of key information, such as:

Assets

 • personal residence

 • second homes, vacant land, buildings, farms

 • financial investments (for example, stocks, trusts, options, insurance policies, retirement accounts) and business assets (for example, private corporations and partnerships)

 • bank accounts and interest-bearing instruments

 • vehicles

 • other significant movable assets (for example, jewelry, art, furniture, cattle)

Liabilities

• all debts, obligations, loans, credit cards, mortgages, guarantees and co-signatures. c. Income from all sources

 • financial investments (for example, interests, dividends, annuities, pensions, benefits)

 • business assets

• private sector employment

 • professional services (consulting and other paid contracts from the public or private sector)

 • boards and directorships

 • other public sector employment

• lotteries, gambling and on-time payments

ASSET DECLARATION RULES FOR POLITICIANS :

 **Gifts:**

 All significant gifts, advantages and other benefits received, including financial sponsorships and sponsored visits.

 **Potential conflict of interest:**

unpaid contracts and employment

unpaid boards and directorships

participation in associations, nonprofit organizations and trade unions

post-tenure position and employment

1. **SERBIA**

The content of the Report of Property and Income is stipulated in Article 46 of the Law on the Anti-Corruption Agency:

1. **Property rights on real estate at home and abroad** – type, structure and area – address, place/town and state – ownership share – legal source of acquisition – first name and last name/surname of the owner – year of acquisition
2. **Property rights on movable property subject to registration with the competent authorities in the Republic of Serbia and abroad** – type of premises – brand – legal source of acquisition – registration number – year of production – first name and last name/surname of owner/leaseholder
3. **Property rights on high-value movables without a concrete threshold** (valuables, valuable collections, art collections, etc.)
4. **Deposits in banks and other financial organizations, at home and abroad** – name and headquarters of the bank/financial institution – account number – amount of deposit – currency code – first name and last name of depositors – type of account
5. **Shares and interests in legal entities and other securities** (bonds, treasury bills, commercial bills, insurance policies, bills of exchange...) – name of legal entity – identification number – office of legal entity – percentage share/ share/share number 122 Verification methodology – total nominal value – first name and last name of the owner – to indicate whether the official transferred his/her management rights in a legal entity to a trustee as required by Law and under certain conditions if the official owns more than 3% of the legal entity’s capital
6. **Rights deriving from copyright, patent and similar intellectual property rights**
7. **Debts** (principal, interest and repayment period) and claims – credit type – name of creditor – closing date – debt amount (capital and interest) – remaining payment period – first name and last name/surname of debtor
8. **Source and amount of income from the discharge of public office, or public functions**
9. **Entitlement to use an apartment for official purposes**
10. **Source and amount of other net incomes**
11. **Other public functions, jobs or activities** discharged in accordance with the Law and other special regulations
12. **Membership of civil association bodies** (as a possible source of income or conflicts of interest)
13. **All other data and evidence** deemed by the official as relevant for the implementation of the Law on the Anti-corruption Agency such as: – bonuses – use of a safe deposit box – fees
1. Expenditures are disclosed in 25% of OECD High-income countries and 38% of Eastern Europe and Central Asia countries; [World Bank](https://star.worldbank.org/star/sites/star/files/getting-the-full-picture-on-public-officials-how-to-guide.pdf) (2016). Examples of thresholds: 4000 USD (Albania), 650 USD (Georgia), 8270 USD (Latvia), 3200 USD (Lithuania), 3000 USD (Ukraine). [↑](#footnote-ref-1)