

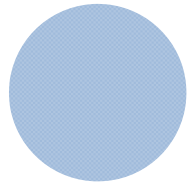


STANDARD FOR AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

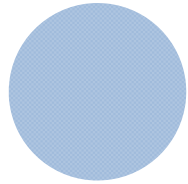
Philip Kerfs, OECD



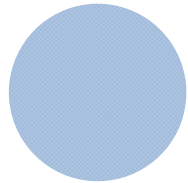
Overview



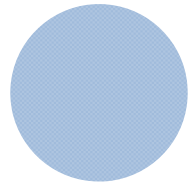
Background, context and timeline



The Standard: basic approach and key features



Next steps: implementing the standard & OECD support

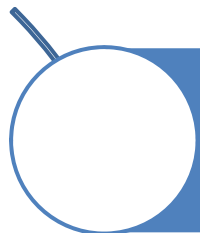


Global Forum commitment and review process



The OECD-Standard on Automatic Exchange of Information

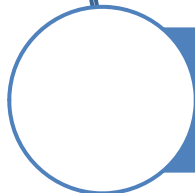
G20 Summit, St Petersburg Sept '13



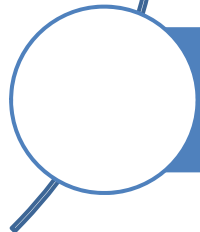
Support to *OECD/G20 work* on:

- Presenting Standard by February 2014; and
- Finalizing technical modalities by mid-2014.

 Next slide



Asked the GFTEI to establish mechanism to monitor and *review implementation* of Standard.



Called on the OECD, the GFTEI and others to ensure *developing countries* can benefit from new Standard (technical assistance).



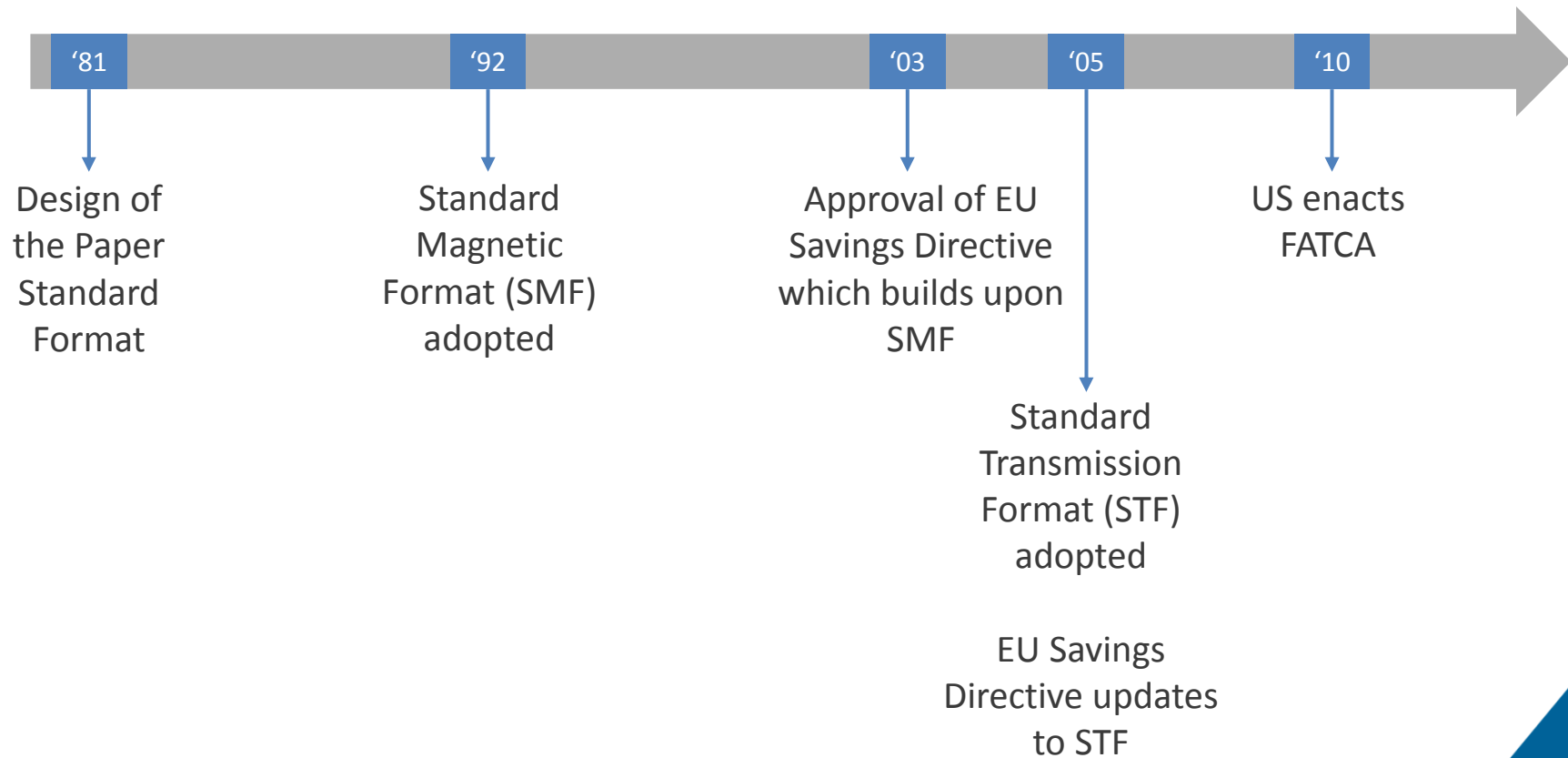
The OECD-Standard on Automatic Exchange of Information

- February 2014: G20 endorsement of the Common Reporting Standard for automatic exchange of tax information
- September 2014: G20 endorsement of the full Standard and commitment to begin exchanging information by 2017 or end-2018
- November 2014: Presentation to G20 leaders



35 years of automatic exchange in 3 slides

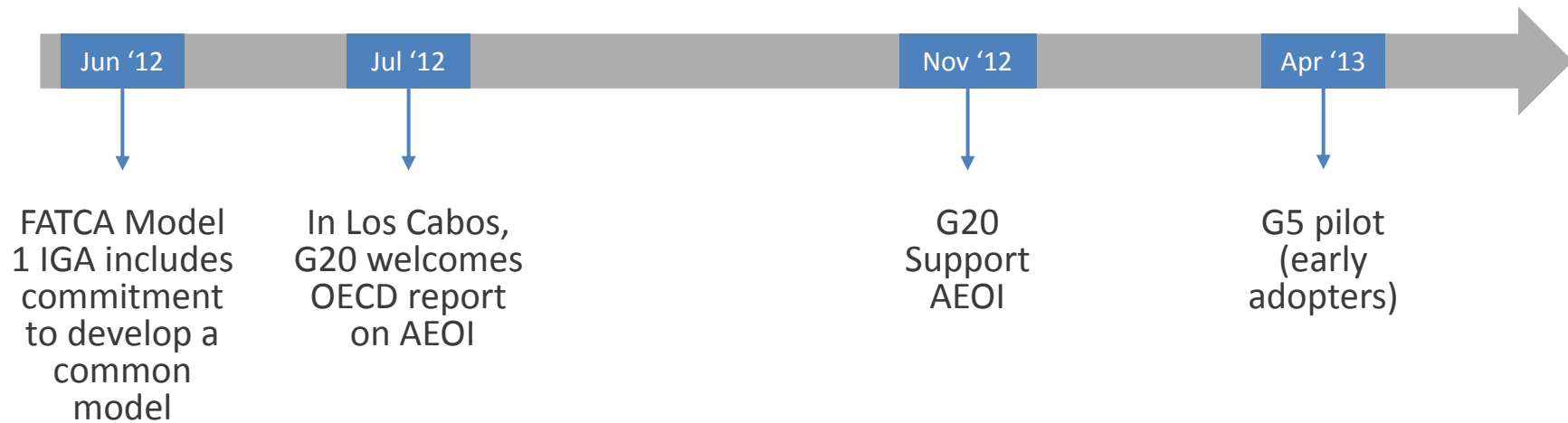
The first 20 years





35 years of automatic exchange in 3 slides

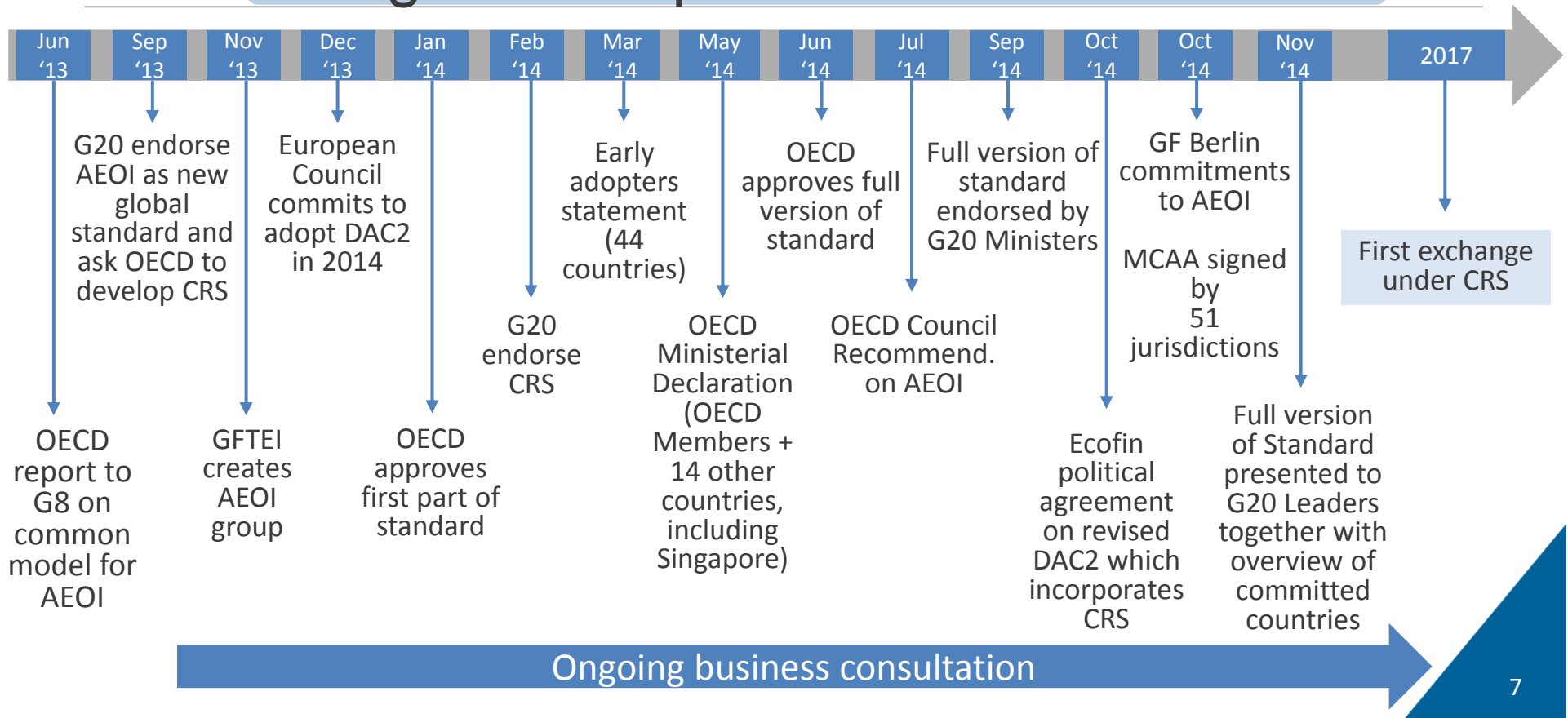
The transition





35 years of automatic exchange in 3 slides

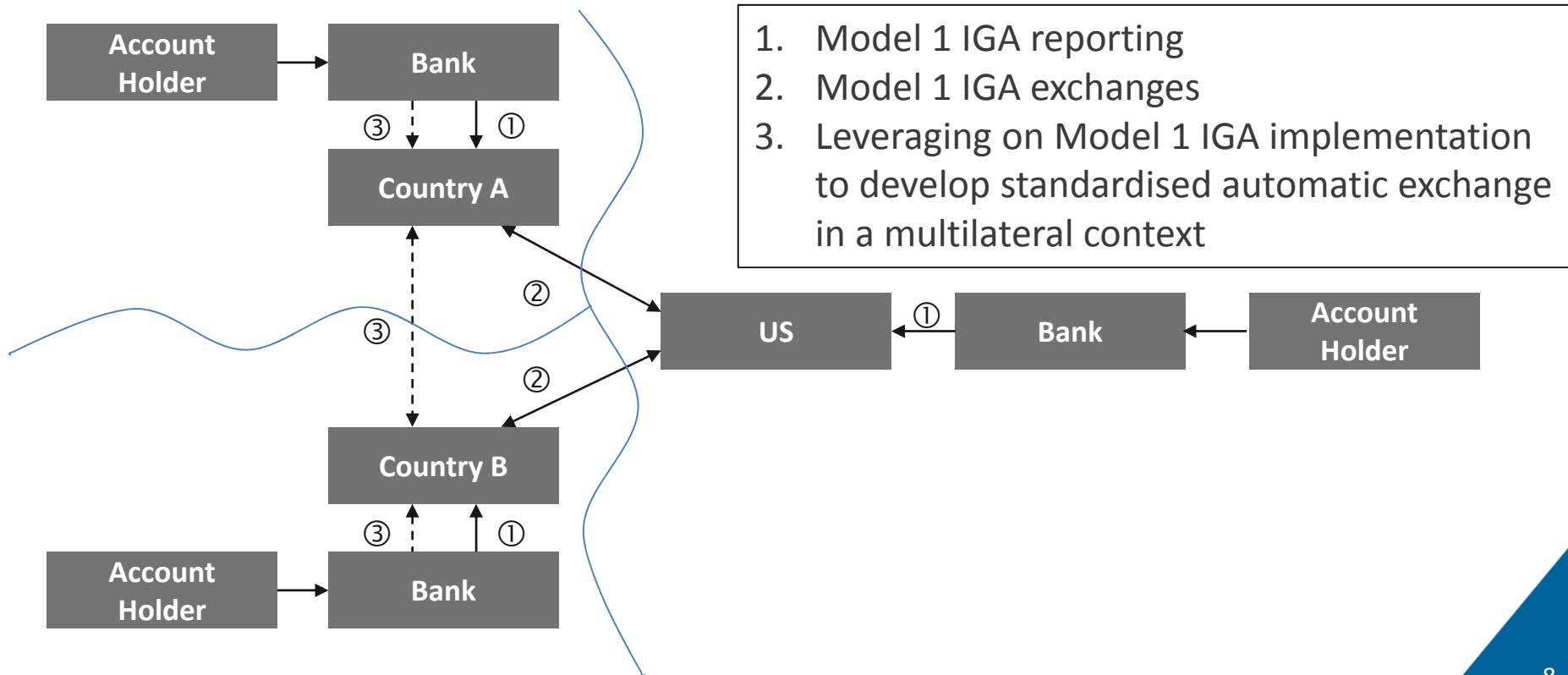
Design and implementation of the CRS





Automatic exchange standard

Basic approach: Leveraging on FATCA





Automatic Exchange Standard

Key components

1. Common Reporting Standard (CRS)

- Defines reporting and due diligence rules for financial institutions
- To be translated into domestic law by participating jurisdictions
- Based on FATCA, to leverage investments made by financial institutions and governments, with some amendments to remove US specificities and take into account multilateral context

2. Model Competent Authority Agreement (Model CAA)

- To activate the exchange of information collected under the CRS
- To be used in combination with any underlying legal instrument permitting AEOI (e.g. Article 26 of the OECD Model Tax Convention or Article 6 of MAAC)



Automatic Exchange Standard

Key components

3. Commentaries on CRS and Model CAA

- To ensure consistent implementation and ensure equal level playing field

4. Data transmission format (CRS XML Schema) & data transmission and encryption standards

- CRS XML schema for exchange under CRS was built in parallel with FATCA XML schema to maximise consistency



CRS: Building on FATCA, EU Savings Directive and FATF to have Single Standard and Reduce Cost

Similar scope of information reported

- Personal data: name, address, tax residence, TIN
- Financial data: account balance, investment income, sales proceeds from financial assets

Similar scope of financial institutions required to report

- Banks, custodians, insurance companies and investment entities (e.g. certain collective investment vehicles)

Similar scope of account holders subject to reporting

- Individuals
- Entities (including trusts and foundations)
- Controlling persons (i.e., beneficial owners) of entities

Similar Due diligence procedures

- Distinction pre-existing /new, individual/entity, lower value/high value accounts



CRS

Main differences from FATCA

Individuals

- Residence (not citizenship)
- No thresholds
- Residence address test for pre-existing accounts building on EU Savings Directive
- Simplified indicia search

Entities

- Look-through for professionally managed investment entities in non-participating jurisdictions

Low risk FIs and products

General exclusion for country specific low-risk reporting financial institutions and accounts



Next Steps

Country implementation

- Translating the reporting and due diligence rules into domestic law
- Selecting a legal basis for the exchange of information
- Entering into Competent Authority Agreements
- Protecting confidentiality and safeguarding data
- Making effective use of the information
- Putting in place the related administrative resources and required IT infrastructure
- Developing secure, effective and common transmission systems
- Measuring impact
- Voluntary disclosure initiatives



Multilateral Competent Authority Agreement Signatories as of 29 October 2014





Multilateral Competent Authority Agreement Signatories as of 29 October 2014

Intended first information exchange by September 2017

- Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Cayman Islands, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks & Caicos Islands, United Kingdom,

Intended first information exchange by September 2018

- Albania, Aruba, Austria



The MCAA, a brief overview

A framework agreement

- The Multilateral Competent Authority Agreement (MCAA) Provides for the automatic exchange of tax information in accordance with the new Standard
- It is signed by Competent Authorities under Article 6 of the Multilateral Convention and allows for automatic exchange with any other signatory to the MCAA

Entry into effect

- The MCAA does not become operational until domestic legislation is put in place and requirements on data protection and confidentiality are met.
- Actual exchange does not take place between any two signatories until they both provided a subsequent notification stating they wish to exchange with each other.



The MCAA

Example of the content of Annex F

INTENDED EXCHANGE DATES

Accounts	Intended to be defined as	Intended dates to exchange information by		
New Accounts	A Financial Account maintained by a Reporting Financial Institution opened on or after 1 January 2016.	September 2017		
Preexisting Accounts	A Financial Account maintained by a Reporting Financial Institution as of 31 December 2015.	Individual High-Value Accounts September 2017	Individual Low-Value Accounts September 2017 or September 2018, depending on when identified as reportable	Entity Accounts September 2017 or September 2018, depending on when identified as reportable





Next steps for OECD

- Ongoing maintenance to resolve issues and ensure consistency (in consultation with FIs)
- Produce training material (CRS Implementation Handbook) and co-host training events for implementing countries (together with Global Forum)
- CRS portal for both general and country-specific information on implementing the Standard (including information on TINs and residence rules)
- Continued support to « operationalise » Multilateral CAA
- Voluntary disclosure
- Toolbox for making effective use of information
- Alignment of TRACE to CRS and assist in country implementation



Global Forum

Commitment and Review Process

- First step: Global Forum members committed in advance of October 2014 GF plenary meeting
 - Expectation
 - Exchange with all relevant partners on reciprocal basis, subject to issues re. confidentiality data safeguards and
 - First exchange in 2017 (FATCA + 18 months) or at the latest 2018



Global Forum

Committed jurisdictions as of 29 October 2014

Jurisdictions undertaking first exchanges by 2017

- Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Cayman Islands, Chile, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago, Turks and Caicos Islands, United Kingdom, Uruguay

Jurisdictions undertaking first exchanges by 2018

- Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Belize, Brazil, Brunei Darussalam, Canada, China, Costa Rica, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Marshall Islands, Macao (China), Malaysia, Monaco, New Zealand, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates

Jurisdictions that have not indicated a timeline or that have not yet committed

- Bahrain, Cook Islands, Nauru, Panama, Vanuatu



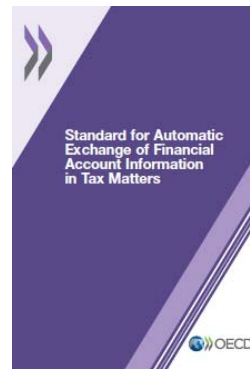
Global Forum

Next steps

- November 2014: report to G20 leaders on who has committed and who not
- October 2015: detailed terms of reference, methodology and schedule for AEOI peer reviews to be approved at GF plenary meeting
- 2016: start of AEOI peer reviews
- Technical assistance for developing countries



Standard for Automatic Exchange of Financial Account Information



Questions and comments:

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