



**OECD SECRETARY-GENERAL REPORT TO  
THE G20 FINANCE MINISTERS AND CENTRAL BANK  
GOVERNORS**

**SYDNEY**

**FEBRUARY 2014**

This report consists of two parts. Part I is a report by the OECD Secretary-General regarding the work on tax base erosion and profit shifting (BEPS) as well as a proposal to move globally towards automatic exchange of information. Part II is the Progress Report to the G20 by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

# Introduction

The G20 Leaders' Saint Petersburg Declaration set out as a top priority an ambitious tax agenda aimed at ensuring that all taxpayers pay their fair share of taxes. They provided clear mandates to advance this objective:

- 1) Rapid development of comprehensive proposals and recommendations to tackle the 15 issues identified in the G20/OECD Action Plan to Address Base Erosion and Profit Shifting (BEPS);
- 2) Delivery by the OECD, working with G20 countries, of a new single global standard for automatic exchange of information by February 2014;
- 3) Publication by the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) of the allocation of comprehensive country ratings regarding the effective implementation of information exchange upon request, monitoring of the implementation of the standards, draw on the work of the FATF with respect to beneficial ownership and establish a mechanism to monitor and review the implementation of the new global standard on automatic exchange of information.

I am very pleased to report that the BEPS work is on track and expected to be delivered as planned. As promised in St. Petersburg, the new single global standard on automatic exchange of financial account information is included in this report. We will now move to the next phase of this work to ensure that this new standard may be swiftly implemented. Last but not least, the Global Forum has reached a major milestone in its work having issued its first set of comprehensive country ratings in November 2013, as well as having made substantial progress on its other mandates.

The following report contains two parts. Part I covers the work on BEPS, including the role of the OECD's Tax Inspectors Without Borders Initiative, and the development of a global model for automatic exchange of information. Part II is the Global Forum's report on the progress it is making and the next steps.

I look forward to discussing these important developments and upcoming challenges when we meet.

## **PART I**

# **OECD SECRETARY-GENERAL REPORT TO THE G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS**

## **Base Erosion and Profit Shifting (BEPS) and Automatic Exchange of Information**

February 2014

## **A - BEPS**

Following the endorsement of the *Action Plan on Base Erosion and Profit Shifting* (the Action Plan) by G20 Leaders in Saint Petersburg, the G20/OECD BEPS Project was launched in September 2013. The Project is developing measures that, once implemented, aim at putting an end to double non-taxation, while securing the elimination of double taxation and a level playing field for business. G20 countries are participating in the Project on an equal footing with OECD member countries. The relevant OECD bodies dealing with BEPS have been opened to all G20 countries, which are playing an active and leading role. As the timeline is very ambitious, work started immediately after the launch of the G20/OECD BEPS Project in September 2013 and is on good track to deliver the actions on time. The success of the Project will also depend on your collective ability to find compromises and to move in the same direction. While we are fully aware of some current divergencies, we strongly hope that your joint efforts will put an end to BEPS, help build an innovative international tax framework, level the playing field, eliminate double taxation and prevent double non taxation.

**Overall, we are impressed by the commitment of your teams to advance this agenda. Efforts have been made by all at this early stage. More will be needed on all sides to find balanced compromises. Beyond the technical challenges, there are different country and political interests. The success of the project will depend on your ability to compromise with each other to reshape the international tax environment and make it truly global.**

***Work on the BEPS deliverables is under way and outputs will be delivered according to the timeline***

The Action Plan to tackle BEPS has three key overarching objectives: (i) establishing international coherence of corporate income taxation, (ii) restoring the full effects and benefits of international standards, (iii) ensuring transparency while promoting increased certainty and predictability. Substantial progress has been made in relation to the 15 deliverables identified in the BEPS Action Plan to achieve these objectives. This applies in particular to those deliverables scheduled for September 2014, which include the work on the tax challenges of the digital economy and a study on the feasibility of a multilateral instrument to implement the measures developed in the course of the Project and modify bilateral tax treaties. Details about progress made in the different areas are included below.

***Addressing the Tax Challenges of the Digital Economy is challenging but must be successful (Action 1)***

The work is advancing, business models in the digital economy and the features that exacerbate BEPS issues are being analysed by an ad-hoc Task Force, together with options to address the key tax policy challenges are under discussion. The work is taking into account not only recent but also likely future developments that will affect the economy. There is an emerging consensus that the digital economy pervades, and will increasingly pervade, all aspects of the economy. The Task Force is therefore examining the challenges raised by the “digitalisation” of the economy and is wary of the risks of sectorial solutions which may ultimately unlevel the playing field. The focus is on the key features of the digital economy, on determining which of those features exacerbate BEPS concerns, and on developing approaches to address them. These key features include for example the heavy reliance on intangibles, the mobility of customers and users, volatility due to low barriers to entry and rapidly evolving technology, as well as the spread of global value chains, network effects - understood with reference to users’ participation, integration and synergies. The work in this area touches on some of the underlying core international tax issues, such as the definition of permanent establishment and whether changes should be made to address the key challenges raised by the digital economy, how payments under new business models such as cloud computing should be characterised, and the overall interaction between direct and indirect taxation. The Task Force mandated to carry on this work will produce its report for September 2014.

### ***Establishing international coherence of corporate income taxation***

Work to establish the coherence of corporate income taxation at the international level is focused on four key areas, namely hybrid mismatch arrangements, Controlled Foreign Companies (CFC) rules, rules on the deductibility of interest expenses and harmful tax practices:

- *In relation to hybrid mismatch arrangements (Action 2)*, i.e. arrangements which achieve multiple deductions for one single expense, or that allow deduction in one country without the income being taxable in the hands of the recipient in another country, there is agreement that provisions should be drafted in a way that prevents double non-taxation, whether the other jurisdiction concerned has or not such rules. Technical issues currently under discussion relate to the precise scope of the rules, and whether certain third party transactions, where double non-taxation is clearly not the aim of the arrangements, should be carved out. It will be key nonetheless to send the right messages and not leave any loophole while not creating too heavy a burden on businesses.
- *Harmful tax practices (Action 5)* are being assessed, with a focus on Intellectual Property Regimes such as “patent boxes”, with the review of OECD member countries’ regimes to be finalised in 2014. The assessment will then be extended to non-OECD members, whether G20 members or not. One key technical issue under discussion is how to determine whether a preferential regime is designed to attract purely mobile activities, and should therefore be considered as harmful, or whether it requires the carrying out of a substantial activity to benefit from it.
- *The work on CFC rules (Action 3) and interest deductibility (Action 4)* is analysing design features of these regimes and will be ready by September 2015.

### ***Restoring the full effects and benefits of international standards***

Work in this area will realign taxation with economic substance and focuses essentially on transfer pricing rules. The work on the prevention of treaty abuse is also part of it. More specifically:

- *The work on the transfer pricing aspects of intangibles (Action 8)* is nearing completion. The work goes into the direction of aligning taxation with economic substance and will be supplemented with the second phase of the work on hard-to-value intangibles, risks and capital. Special measures within or outside the arm’s length principle will be analysed in relation to these areas, to ensure that transfer pricing outcomes are in line with value creation. Progress in this area is challenged by very conservative approaches from many stakeholders and this makes it more difficult to devise pragmatic and effective approaches.
- *The work on treaty abuse (Action 6)* is advanced and a number of technical provisions are under consideration. Standardisation of clauses to prevent treaty abuse will ensure that the paradigm of bilateral tax treaties is not upset by the interposition of intermediate entities which have little, if any, economic substance. At the same time, this will provide increased certainty to business with the application of one common standard in this area. Work has also started to design rules which prevent the use of artificial arrangements to avoid permanent establishment status and hence taxation in the country where the income arises.

### ***Ensuring transparency while promoting increased certainty and predictability***

Preventing BEPS implies transparency at different levels and work streams in this area focus on a number of different elements:

- There is consensus on the objective of a *country-by-country template* in the context of transfer documentation (*Action 13*). This is to provide relevant tax administrations with useful information for risk assessment purposes. It is considered that the information sharing be limited to tax administrations and shall be kept confidential. At the same time, a number of technical details have to be analysed very carefully to ensure that the measures achieve their intended purpose and do not increase the compliance burden for taxpayers unnecessarily. For these reasons, a discussion draft detailing a number of different options was published to request input from the public in early February. Consultations with stakeholders will be of great importance for this work stream.
- Other work streams in this area are due for September 2015. They relate to the establishment of rules that require taxpayers, advisors and any other promoter to disclose aggressive tax planning arrangements before they are put in place (*Action 12*). Importantly, another work stream in this area will establish methodologies to collect and analyse data on BEPS and its economic implications, in particular in terms of spill-over effects (*Action 11*). Last but not least, mechanisms that make dispute resolution more effective, like arbitration, are being evaluated to ensure that not only double non-taxation but also double taxation is avoided (*Action 14*). This is key due to the introduction of new rules, for instance in the areas of transfer pricing or of abuse of tax treaties. The aim is to provide business with the certainty and predictability they need to make investment decision..

### ***Ensuring a swift implementation of the BEPS deliverables (Action 15)***

*The development of a multilateral instrument* to implement the measures ultimately agreed to tackle BEPS will make it possible to promptly implement BEPS measures, without having to wait for decades to modify all bilateral tax treaties. Developing the appropriate solutions to BEPS is a very important first step and discussions, as well as the engagement by all G20 countries, will need to continue in the implementation and monitoring phases. At this stage it appears that none of the technical issues which would arise from the use of a multilateral instrument are insurmountable and a feasibility report will be ready by September 2014. A multilateral instrument will ensure consistency in approaches and at the same time provide the flexibility needed to reflect the specificities of certain bilateral relationships. Beyond implementing measures to tackle BEPS, the multilateral instrument could prove an effective instrument to foster the elimination of double taxation while preventing double non-taxation.

### ***Developing countries are engaged***

Regional consultations are taking place to gather input. Ensuring that developing countries' perspectives are taken into account when designing measures to curb BEPS is key and this input is also important to identify any issue not in the Action Plan that developing countries consider important to tackle, as for example it appears to be the case in relation to tax incentives. Developing countries' views will feed the work of the technical working groups, so that the legal and administrative framework of developing countries can be taken into account. The OECD's Tax Inspectors Without Borders initiative is also ensuring that developing countries are supported to address BEPS problems and opportunities. The Secretariat of the OECD Task Force on Tax and Development has been asked by the Development Working Group (DWG) to provide a report on the main challenges of BEPS in developing countries, how these relate to the BEPS Action Plan, and how these countries can meet those challenges. The Report will be submitted in two phases in April and September 2014.

### *Stakeholders' input is being gathered*

The business community, trade unions, NGOs and academia are actively contributing to the G20/OECD BEPS Project. A number of mechanisms to obtain input at the early stages and in the course of the Project are in place. Discussion drafts in relation to the different measures are published throughout the process and public consultations are held to discuss the input received. A live webcast, to which more than 3 000 people registered, was held on 23 January 2014 to provide stakeholders with an update on the status of the Project. This engagement will ensure that the final outcome of the work is not only effective but also workable and balanced. The large majority of businesses recognise the need for reform and underline the importance of coupling this with sound and efficient dispute resolution mechanisms.

### *Next steps*

Discussion drafts in the areas where deliverables are expected for 2014 will be published soon and public consultations to discuss the comments received will be held. These deliverables include changes to tax treaty provisions, changes to the transfer pricing rules, as well as new instruments to prevent that the interaction of domestic laws results in double non-taxation. The technical working groups will then take the input received into account and refine their work accordingly. The box below contains an overview of BEPS deliverables for September 2014, September 2015 and December 2015. Further progress made and issues requiring political resolution will be reported to the next meeting of G20 Finance Ministers.

| <b>BEPS Deliverables</b> |  |
|--------------------------|--|
| <b>September 2014:</b>   | <ul style="list-style-type: none"><li>● Report identifying tax challenges raised by the digital economy and the necessary actions to address them (Action 1);</li><li>● Recommendations regarding the design of domestic and tax treaty measures to neutralise the effects of hybrid mismatch arrangements (Action 2);</li><li>● Finalise the review of member country regimes in order to counter harmful tax practices more effectively (Action 5);</li><li>● Recommendations regarding the design of domestic and tax treaty measures to prevent abuse of tax treaties (Action 6);</li><li>● Transfer pricing rules in relation to intangibles – phase 1 (Action 8);</li><li>● Transfer pricing documentation and country-by-country reporting template (Action 13);</li><li>● Report on the feasibility of a multilateral instrument to implement BEPS measures (Action 15)</li></ul>  |
| <b>September 2015:</b>   | <ul style="list-style-type: none"><li>● Recommendations regarding the design of CFC rules (Action 3);</li><li>● Recommendations regarding the design of domestic rules to limit base erosion via interest deductions and other financial payments (Action 4);</li><li>● Strategy to expand participation in the Forum on Harmful Tax Practices to non-OECD members (Action 5);</li><li>● Tax treaty measures to prevent the artificial avoidance of permanent establishment status (Action 7);</li><li>● Transfer pricing rules in relation to intangibles – phase 2 (Action 8);</li><li>● Transfer pricing rules in relation to risks and capital, and other high-risk transactions (Actions 9 and 10);</li><li>● BEPS economic analyses and Recommendations regarding data collection on BEPS (Action 11);</li><li>● Recommendations regarding the design of domestic rules to require taxpayers to disclose their aggressive tax planning arrangements (Action 12); and</li><li>● Tax treaty measures to make dispute resolution mechanisms more effective (Action 14);</li></ul> |
| <b>December 2015</b>     | <ul style="list-style-type: none"><li>● Changes to the transfer pricing rules to limit base erosion via interest deductions and other financial payments (Action 4);</li><li>● Revision of existing criteria to counter harmful tax practices more effectively (Action 5);</li><li>● Multilateral instrument (Action 15).</li></ul>  |

## **B - AUTOMATIC EXCHANGE OF INFORMATION**

At your meeting in Moscow, Russia on 19-20 July 2013 you fully endorsed the OECD proposal for a truly global model for automatic exchange. At the G20 Leaders' meeting in St. Petersburg, Russia on 6 September 2013 the Leaders provided their full support for this work and said:

*“We commend the progress recently achieved in the area of tax transparency and we fully endorse the OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information. Calling on all other jurisdictions to join us by the earliest possible date, we are committed to automatic exchange of information as the new global standard, which must ensure confidentiality and the proper use of information exchanged, and we fully support the OECD work with G20 countries aimed at presenting such a new single global standard for automatic exchange of information by February 2014 and to finalizing technical modalities of effective automatic exchange by mid-2014. In parallel, we expect to begin to exchange information automatically on tax matters among G20 members by the end of 2015. We call on all countries to join the Multilateral Convention on Mutual Administrative Assistance in Tax Matters without further delay. We look forward to the practical and full implementation of the new standard on a global scale... We also ask the Global Forum to establish a mechanism to monitor and review the implementation of the new global standard on automatic exchange of information.”*

The OECD, working with G20 countries and in close co-operation with the EU, has been making very good progress in developing the new global standard of automatic exchange of information and I am very pleased to be able to deliver the requested single global standard within the ambitious timelines that you have set. The standard consisting of a **Model Competent Authority Agreement (CAA) and the Common Standard on Reporting and Due Diligence (Common Reporting Standard or CRS)** is contained in Annex A.

A growing number of countries and jurisdictions have already decided to join this approach. Following the commitments to automatic exchange made by the G8 leaders at their summit in June 2013, and by the **G20 leaders** in September 2013, **more than 40 countries have now joined a pilot group** and committed to early adoption of the automatic exchange standard developed by the OECD. Finally, in response to your continued call, many countries have also signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which will be a key instrument for the implementation of the new standard.

### ***(i) The Standard***

The standard incorporates the most recent developments in the area of automatic exchange by drawing extensively on work of the OECD, developments on automatic exchange of information in the European Union, anti-money laundering standards and the Model Intergovernmental Agreements (IGA) to improve international tax compliance and implement FATCA. As the first global standard on automatic exchange of information it breaks new ground, addresses the tax compliance needs of residence countries and avoids a proliferation of different and inconsistent standards which would lower effectiveness and increase costs for businesses and governments alike.

Under the standard, jurisdictions obtain financial information from their financial institutions and automatically exchange that information with other jurisdictions, as appropriate, on an annual basis. The information is collected by financial institutions on the basis of common reporting and due diligence rules.



The standard consists of two components: a) the CRS, which contains the reporting and due diligence rules to be imposed by participating jurisdictions on their financial institutions; and b) the Model CAA, which contains the detailed rules on the exchange of information.

To prevent taxpayers from circumventing the CRS it is specifically designed with a broad scope across three dimensions:

- The financial information to be reported with respect to reportable accounts includes all types of **investment income** (including interest, dividends, income from certain insurance contracts and other similar types of income) but also **account balances** and **sales proceeds** from financial assets.
- The financial institutions that are required to report under the CRS do not only include **banks and custodians** but also other financial institutions such as **brokers, certain collective investment vehicles and certain insurance companies**.
- Reportable accounts include accounts held by **individuals and entities (which includes trusts and foundations)**, and the standard includes a requirement to look through passive entities to report on the individuals that ultimately control these entities.

The CRS also describes **the due diligence procedures that must be followed by financial institutions to identify reportable accounts**.

The CRS will need to be translated into domestic law, whereas the CAA can be executed within existing legal frameworks such as Article 6 of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the equivalent of Article 26 in a bilateral tax treaty. Before entering into a reciprocal agreement to exchange information automatically with another country, it is essential that the receiving country has the legal framework and administrative capacity and processes in place to ensure the confidentiality of the information received and that such information is only used for the purposes specified in the instrument. Where this is not the case, automatic exchange is not “appropriate”.

#### *(ii) Completing the standard: The next step*

The completion of the standard will still require further work by the OECD and by participating jurisdictions.

Work at the OECD is focussing on technical modalities including (1) a **commentary** to both the CRS and the CAA to ensure a consistent application and operation of the standard and (2) the **technical solutions** regarding IT aspects, in particular the presentation of the information (including schema and user guide) and standards on the secure transmission of the information. Work on these technical modalities is well advanced and will be presented to you at your September 2014 meeting.

At the same time countries will need to translate the CRS into domestic law, enter into CAAs (based on the Model CAA) with other participating countries and put in place the necessary administrative procedures and IT systems.

#### *(iii) Legal basis for automatic exchange of information: the Multilateral Convention on Mutual Administrative Assistance in Tax Matters*

Different legal bases for automatic exchange of information already exist. Whilst bilateral treaties such as those based on Article 26 of the OECD Model Tax Convention permit such exchanges, it may be more

efficient to establish automatic exchange relationships through a multilateral information exchange instrument.

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2011, is such an instrument. It provides for all possible forms of administrative co-operation between States, contains strict rules on confidentiality and proper use, and permits automatic exchange of information.

Automatic exchange under the Multilateral Convention requires a separate agreement between the competent authorities of the parties, which can be entered into by two or more parties thus allowing for a single agreement with several parties (with actual automatic exchange taking place on a bilateral basis). Such an agreement would activate and “operationalise” automatic exchange between the participating countries. It would specify the information to be exchanged and would also deal with practical issues such as the time and format of the exchange. The Model CAA serves that function and can be used within the context of the Multilateral Convention but also under bilateral treaties. It could also easily be adapted to a multilateral agreement as permitted by the Multilateral Convention.

I am glad to report that the Multilateral Convention is now a **truly global instrument** and that your call on countries to sign it is being responded to positively. Following a recent signing ceremony in Indonesia, there are now **64 signatories** to the Convention, including all G20 countries, and **13 jurisdictions** are covered by way of territorial extension. Additional countries have expressed interest in signing, including Azerbaijan, Kenya, and Mauritius, and we expect further signatures in the near future.

The work cannot be limited to the G20 and OECD. The G20 has mandated the Global Forum on Transparency and Exchange of Information for Tax Purposes to monitor the implementation of the standard once it is fully developed and to ensure a global reach and a level playing field. The Global Forum already established a new Automatic Exchange of Information (AEOI) Group to respond to that mandate (see also Part II). The OECD stands ready to work closely with the Global Forum and others as this work progresses.

ANNEX A:

# Standard for Automatic Exchange of Financial Account Information

COMMON REPORTING STANDARD



## *Preface*

This document was approved and de-classified by the Committee on Fiscal Affairs (“CFA”) on 17 January and contains the global standard for automatic exchange of financial account information. It has been developed by the OECD, working with G20 countries, and in close co-operation with the EU. Part I contains the introduction<sup>1</sup> to the standard and Part II contains the text of the Model Competent Authority Agreement (CAA) and the Common Reporting and Due Diligence Standard (CRS).

Under the standard, jurisdictions obtain financial information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. The standard consists of two components: a) the CRS, which contains the reporting and due diligence rules and b) the Model CAA, which contains the detailed rules on the exchange of information. To prevent circumventing the CRS it is designed with a broad scope across three dimensions:

- The financial information to be reported with respect to reportable accounts includes all types of **investment income** (including interest, dividends, income from certain insurance contracts and other similar types of income) but also **account balances** and **sales proceeds** from financial assets.
- The financial institutions that are required to report under the CRS do not only include **banks** and **custodians** but also other financial institutions such as **brokers, certain collective investment vehicles and certain insurance companies**.
- Reportable accounts include accounts held by **individuals** and **entities (which includes trusts and foundations)**, and the standard includes a requirement to look through passive entities to report on the individuals that ultimately control these entities.

The CRS also describes **the due diligence procedures that must be followed by financial institutions to identify reportable accounts**.

The CRS will need to be translated into domestic law, whereas the CAA can be executed within existing legal frameworks such as Article 6 of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the equivalent of Article 26 in a bilateral tax treaty. Before entering into a reciprocal agreement to exchange information automatically with another country, it is essential that the receiving country has the legal framework and administrative capacity and processes in place to ensure the confidentiality of the information received and that such information is only used for the purposes specified in the instrument.

Consistent with previous OECD work in the area of automatic exchange, the common standard is intended to be used by those jurisdictions wishing to automatically exchange financial account information. Its aim is to avoid a proliferation of different standards which would increase costs for both governments and financial institutions.

This document does not yet contain: (1) a detailed commentary to help ensure the consistent application of the standard; or (2) information and guidance on the necessary technical solutions, including compatible transmission systems and a standard format for reporting and exchange. Work on these more technical modalities is ongoing. It is expected that both the commentary and the technical solutions will be completed by mid-2014. Subsequent changes to the standard or its commentary may of course become necessary as jurisdictions gain more experience with its implementation.

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<sup>1</sup> Because of the OECD process on approval and de-restriction, the introduction may not fully reflect the latest developments. In particular it does not include all countries that recently committed to early adoption of the standard.

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# STANDARD FOR AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

## PART I. INTRODUCTION AND OVERVIEW

### I. Background and Context

1. As the world becomes increasingly globalised it is becoming easier for all taxpayers to make, hold and manage investments through financial institutions outside of their country of residence. Vast amounts of money are kept offshore and go untaxed to the extent that taxpayers fail to comply with tax obligations in their home jurisdiction. Offshore tax evasion is a serious problem for jurisdictions all over the world, OECD and non-OECD, small and large, developing and developed. Countries have a shared interest in maintaining the integrity of their tax systems. Cooperation between tax administrations is critical in the fight against tax evasion and in protecting the integrity of tax systems. A key aspect of that cooperation is exchange of information.

2. The OECD has a long history of working on all forms of exchange of information – on request, spontaneous, and automatic – and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and Article 26 of the OECD Model Tax Convention provide a basis for all forms of information exchange. Over the past few years much progress has been made by the OECD, EU and the Global Forum on Transparency and Exchange of Information for Tax Purposes in improving transparency and exchange of information on request.

3. More recently, political interest has also focused on the opportunities provided by automatic exchange of information. On 19 April 2013 the G20 Finance Ministers and Central Bank Governors endorsed automatic exchange as the expected new standard. The G20 decision followed earlier announcements by a number of European countries of their intention to develop and pilot multilateral tax information exchange based on the Model Intergovernmental Agreement to Improve International Tax Compliance and to Implement FATCA, developed between these countries and the United States (the “Model 1 IGA”). On 9 April 2013, the Ministers of Finance of France, Germany, Italy, Spain and the UK announced their intention to exchange FATCA-type information amongst themselves in addition to exchanging information with the United States. On 13 April, Belgium, the Czech Republic, the Netherlands, Poland, and Romania also expressed interest in this approach, which by May 14 had already been endorsed by 17 countries, with Mexico and Norway joining the initiative in early June and Australia in July. Further the United Kingdom agreed to automatically exchange information, on the basis of the intergovernmental approaches developed with the United States, with its Crown Dependencies and many of its Overseas Territories which also joined the pilot project.

4. On 22 May 2013 the EU Council unanimously agreed to give priority to efforts to extend automatic exchange at the EU and global level and welcomed the on-going efforts made in the G8, G20 and OECD to develop a global standard. Shortly thereafter the OECD Ministerial called on “...all jurisdictions to move towards automatic exchange of information and to improve the availability, the quality and the accuracy of information on beneficial ownership, in order to effectively act against tax fraud and evasion.” On 12 June the European Commission adopted a legislative proposal to extend the scope of automatic exchange of information in its directive on administrative co-operation to new items, including dividends, capital gains and account balances.

5. Automatic exchange of information was also a key item on the G8 agenda. On 19 June the G8 leaders welcomed the OECD Secretary General report “A step change in tax transparency” which set out the concrete steps that need to be undertaken to put a global model of automatic exchange into practice.<sup>2</sup> G8 leaders agreed to work together with the OECD and in the G20 to implement its recommendations urgently.

6. On 20 July the G20 Finance Ministers and Central Bank Governors endorsed the OECD proposals for a global model of automatic exchange in the multilateral context.<sup>3</sup> On 6 September the G20 leaders reinforced this message, and said: “Calling on all other jurisdictions to join us by the earliest possible date, we are committed to automatic exchange of information as the new global standard, which must ensure confidentiality and the proper use of information exchanged, and we fully support the OECD work with G20 countries aimed at presenting such a single global standard for automatic exchange by February 2014 and to finalizing technical modalities of effective automatic exchange by mid-2014.”<sup>4</sup> They also asked the Global Forum to establish a mechanism to monitor and review the implementation of the new global standard on automatic exchange of information and stressed the importance of developing countries being able to benefit from a more transparent international tax system.

7. The global model of automatic exchange is drafted with respect to financial account information. Many jurisdictions – OECD and non-OECD – already exchange information automatically with their exchange partners and also regionally (e.g. within the EU) on various categories of income and also transmit other types of information such as changes of residence, the purchase or disposition of immovable property, value added tax refunds, tax withheld at source, etc. The new global standard does not, nor is it intended to, restrict the other types or categories of automatic exchange of information. It sets out a minimum standard for the information to be exchanged. Jurisdictions may choose to exchange information beyond the minimum standard set out in this document.

8. The Common Reporting Standard (“CRS”), with a view to maximizing efficiency and reducing cost for financial institutions, draws extensively on the intergovernmental approach to implementing FATCA. While the intergovernmental approach to FATCA reporting does deviate in certain aspects from

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<sup>2</sup> [http://www.oecd.org/ctp/exchange-of-tax-information/taxtransparency\\_G8report.pdf](http://www.oecd.org/ctp/exchange-of-tax-information/taxtransparency_G8report.pdf)

<sup>3</sup> “We commend the progress recently achieved in the area of tax transparency and we fully endorse the OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information. We are committed to automatic exchange of information as the new, global standard and we fully support the OECD work with G20 countries aimed at setting such a new single global standard for automatic exchange of information. We ask the OECD to prepare a progress report by our next meeting, including a timeline for completing this work in 2014. We call on all jurisdictions to commit to implement this standard. We are committed to making automatic exchange of information attainable by all countries, including low-income countries, and will seek to provide capacity building support for them. We call on all countries to join the Multilateral Convention on Mutual Administrative Assistance in Tax Matters without further delay. We look forward to the practical and full implementation of the new standard on a global scale”.

<sup>4</sup> “We commend the progress recently achieved in the area of tax transparency and we fully endorse the OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information. Calling on all other jurisdictions to join us by the earliest possible date, we are committed to automatic exchange of information as the new global standard, which must ensure confidentiality and the proper use of information exchanged, and we fully support the OECD work with G20 countries aimed at presenting such a new single global standard for automatic exchange of information by February 2014 and to finalizing technical modalities of effective automatic exchange by mid-2014. In parallel, we expect to begin to exchange information automatically on tax matters among G20 members by the end of 2015. We call on all countries to join the Multilateral Convention on Mutual Administrative Assistance in Tax Matters without further delay. We look forward to the practical and full implementation of the new standard on a global scale.”

the CRS, the differences are driven by the multilateral nature of the CRS system and other US specific aspects, in particular the concept of taxation on the basis of citizenship and the presence of a significant and comprehensive FATCA withholding tax. Given these features, that the intergovernmental approach to FATCA is a pre-existing system with close similarities to the CRS, and the anticipated progress towards widespread participation in the CRS, it is compatible and consistent with the CRS for the US to not require the look through treatment for investment entities in Non-Participating Jurisdictions.

## **II. Key features of a global model of automatic exchange of financial account information**

9. For a model of automatic exchange of financial account information to be effective it must be specifically designed with residence jurisdictions' tax compliance in mind rather than be a by-product of domestic reporting. Further, it needs to be standardised so as to benefit the maximum number of residence jurisdictions and financial institutions while recognising that certain issues remain to be decided by local implementation. The advantage of standardisation is process simplification, higher effectiveness and lower costs for all stakeholders concerned. A proliferation of different and inconsistent models would potentially impose significant costs on both government and business to collect the necessary information and operate the different models. It could lead to a fragmentation of standards, which may introduce conflicting requirements, further increasing the costs of compliance and reducing effectiveness. Finally, because tax evasion is a global issue, the model needs to have a global reach so that it addresses the issue of offshore tax evasion and does not merely relocate the problem rather than solving it. Mechanisms to encourage compliance may be also required to achieve this aim.

10. In 2012 the OECD delivered to the G20 the report "Automatic Exchange of Information: What it is, How it works, Benefits, What remains to be done",<sup>5</sup> which summarizes the key features of an effective model for automatic exchange. The main success factors for effective automatic exchange of financial information are: (1) a common standard on information reporting, due diligence and exchange of information, (2) a legal and operational basis for the exchange of information; and (3) common or compatible technical solutions.

### **1. Common standard on reporting, due diligence and exchange of information**

11. An effective model for automatic exchange of information requires a common standard on the information to be reported by financial institutions and exchanged with residence jurisdictions. This will ensure that the reporting by financial institutions is aligned with the interests of the residence country. It will also increase the quality and predictability of the information that is being exchanged. The result will be significant opportunities for the residence country to enhance compliance and make optimal use of the information (e.g. through automatic matching with domestic compliance information and data analysis).

12. In order to limit the opportunities for taxpayers to circumvent the model by shifting assets to institutions or investing in products that are not covered by the model a reporting regime requires a broad scope across three dimensions:

- **The scope of financial information reported:** A comprehensive reporting regime covers different types of investment income including interest, dividends and similar types of income, and also address situations where a taxpayer seeks to hide capital that itself represents income or assets on which tax has been evaded (e.g. by requiring information on account balances).

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<sup>5</sup> <http://www.oecd.org/ctp/exchange-of-tax-information/automaticexchangeofinformationreport.htm>



- **The scope of accountholders subject to reporting:** A comprehensive reporting regime requires reporting not only with respect to individuals, but should also limit the opportunities for taxpayers to circumvent reporting by using interposed legal entities or arrangements. This means requiring financial institutions to look through shell companies, trusts or similar arrangements, including taxable entities to cover situations where a taxpayer seeks to hide the principal but is willing to pay tax on the income.
- **The scope of financial institutions required to report:** A comprehensive reporting regime covers not only banks but also other financial institutions such as brokers, certain collective investment vehicles and certain insurance companies.

13. In addition to a common standard on the scope of the information to be collected and exchanged, an effective model of automatic exchange of financial information also requires a common standard on a robust set of due diligence procedures to be followed by financial institutions to identify reportable accounts and obtain the accountholder identifying information that is required to be reported for such accounts. The due diligence procedures are critical as they help to ensure the quality of the information that is reported and exchanged. Finally feedback by the receiving jurisdiction to the sending jurisdiction regarding any errors in the information received can also be an important aspect of an effective automatic exchange model. Such feedback may take place in the form of spontaneous exchange of information, another important aspect of cooperation between tax authorities in itself.

## 2. Legal and operational basis for exchange of information

14. Different legal basis for automatic exchange of information already exist. Whilst bilateral treaties such as those based on Article 26 of the OECD Model Tax Convention permit such exchanges, it may be more efficient to establish automatic exchange relationships on the basis of a multilateral exchange instrument. The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the “Convention”),<sup>6</sup> as amended in 2011, is such an instrument. It provides for all forms of administrative co-operation, contains strict rules on confidentiality and proper use of information, and permits automatic exchange of information. One of its main advantages is its global reach.<sup>7</sup> Automatic exchange under the Convention requires a separate agreement between the competent authorities of the parties, which can be entered into by two or more parties thus allowing for a single agreement with either two or more parties (with actual automatic exchange always taking place on a bilateral basis). Such a competent authority agreement then activates and “operationalizes” automatic exchange between the participants. Where jurisdictions rely on other information exchange instruments, such as bilateral treaties, a competent authority agreement can serve the same function.

15. All treaties and exchange of information instruments contain strict provisions that require information exchanged to be kept confidential and limit the persons to whom the information can be disclosed and the purposes for which the information may be used. The OECD released a Guide on Confidentiality, “Keeping it Safe”<sup>8</sup> which sets out best practices related to confidentiality and provides

<sup>6</sup> The Multilateral Convention was developed jointly by the Council of Europe and the OECD and opened for signature by the member states of both organisations on 25 January 1988. The Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the international standard on exchange and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. It was opened for signature on 1st June 2011.

<sup>7</sup> For information on jurisdictions covered by the Convention, signatories and ratifications see [http://www.oecd.org/tax/exchange-of-tax-information/Status\\_of\\_convention.pdf](http://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf)

<sup>8</sup> <http://www.oecd.org/ctp/exchange-of-tax-information/keepingitsafe.htm>

practical guidance on how to ensure an adequate level of protection. Before entering into an agreement to exchange information automatically with another jurisdiction, it is essential that the receiving jurisdiction has the legal framework and administrative capacity and processes in place to ensure the confidentiality of the information received and that such information is used only for the purposes specified in the instrument.

### **3. Common or compatible technical solutions**

16. Common or compatible technical solutions for reporting and exchanging information are a critical element in a standardised automatic exchange system - especially one that will be used by a large number of jurisdictions and financial institutions. Standardisation will reduce costs for all parties concerned.

17. The technical reporting format must be standardised so that information can be captured, exchanged and processed quickly and efficiently in a cost effective manner and secure and compatible methods of transmission and encryption of data must be in place.

### **III. Status and overview of work and next steps**

18. Part II of this report contains (1) a model competent authority agreement/arrangement (“Model CAA”) and (2) the common standard on reporting and due diligence for financial account information (“Common Reporting Standard” - “CRS”). Together they constitute the common standard on reporting, due diligence and exchange of information on financial account information. Under this standard jurisdictions obtain from reporting financial institutions and automatically exchange with exchange partners, as appropriate, on an annual basis financial information with respect to all reportable accounts, identified by financial institutions on the basis of common reporting and due diligence procedures. The term “financial information” means interest, dividends, account balance, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. The term “reportable account” means accounts held by individuals and entities (which includes trusts and foundations), and the standard includes a requirement to look through passive entities to report on the relevant controlling persons.

19. Implementation of the standard will require translating the CRS into domestic law. Signing a competent authority agreement based on the model then allows putting in place the information exchange based on existing legal instruments, such as the Convention or bilateral income tax conventions. The exchange of information could also be implemented on the basis of a multilateral competent authority agreement/arrangement, or jurisdictions could enter into a multilateral intergovernmental agreement or multiple intergovernmental agreements that would be international treaties in their own right covering both the reporting obligations and due diligence procedures coupled with a more limited competent authority agreement. The legal basis could also be EU legislation that would cover the elements of the CRS.

20. This report does not yet contain the more detailed commentary that is being developed to help in the consistent application of the standard. Given that implementation will be based on domestic law, it is important to ensure consistency in application across jurisdictions to avoid creating unnecessary costs and complexity for financial institutions in particular those with operations in more than one jurisdiction. Part III, however, already contains elements of a draft commentary highlighting where further guidance is likely to be forthcoming without seeking to be exhaustive.

21. Finally, this report does not yet contain information on the necessary technical solutions. It is expected that both the commentary and the technical solutions would be completed by mid-2014, noting of

course that subsequent changes to the commentary may become necessary as jurisdictions gain more experience with the implementation of the standard.

## **1. Summary of the competent authority agreement**

22. The Model CAA links the CRS and the legal basis for the exchange (such as the Convention or a bilateral tax treaty) allowing the financial account information to be exchanged. The Model CAA consists of a number of whereas clauses and seven sections and provides for the modalities of the exchange to ensure the appropriate flows of information. The whereas clauses contain representations on domestic reporting and due diligence rules that underpin the exchange of information pursuant to the competent authority agreement. They also contain representations on confidentiality, safeguards and the existence of the necessary infrastructure for an effective exchange relationship. See also section 4 on collaboration on compliance and enforcement.

23. The Model CAA contains a section dealing with definitions (Section 1), covers the type of information to be exchanged (Section 2), the time and manner of exchange (Section 3) and the confidentiality and data safeguards that must be respected (Section 5). Consultations between the competent authorities, amendments to the agreement and the term of the agreement, including suspension and termination, are dealt with in Sections 6 and 7.

24. The Model CAA is drafted as a reciprocal agreement based on the principle that automatic exchange is reciprocal. There may also be instances where jurisdictions wish to enter into a non-reciprocal competent authority agreement (*e.g.* where one jurisdiction does not have an income tax). The Model CAA can easily be adapted for such non-reciprocal exchanges and further details on this will be included in the Commentary.

25. The Model CAA contained in Part II refers to an “Annex” but once the CRS has been approved by the CFA the Model CAA would no longer require an Annex. References to the Annex could be replaced by a reference to the CRS developed by OECD and G20 countries (including a reference to the CRS as adopted on a fixed date) and available on the OECD website, and a corresponding definition would then be added to Section 1 of the Model CAA.

## **2. Summary of the Common Reporting Standard (“CRS”)**

26. The CRS contains the reporting and due diligence standard that underpins the automatic exchange of financial account information. A jurisdiction implementing the CRS must have rules in place that require financial institutions to report information consistent with the scope of reporting set out in Section I and to follow due diligence procedures consistent with the procedures contained in Section II through VII. Capitalized terms used in the CRS are defined in Section VIII.

27. The financial institutions (FI’s) covered by the standard include custodial institutions, depository institutions, investment entities and specified insurance companies, unless they present a low risk of being used for evading tax and are excluded from reporting. The financial information to be reported with respect to reportable accounts includes interest, dividends, account balance, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations), and the standard includes a requirement to look through passive entities to report on the relevant controlling persons.

28. The due diligence procedures to be performed by reporting financial institutions for the identification of reportable accounts are described in sections II through VII. They distinguish between

individual accounts and entity accounts. They also make a distinction between pre-existing and new accounts, recognizing that it is more difficult and costly for financial institutions to obtain information from existing accountholders rather than requesting such information upon account opening.

- For **Pre-existing Individual Accounts** FI's are required to review accounts without application of any de minimis threshold. The rules distinguish between Higher and Lower Value Accounts. For Lower Value Accounts they provide for a permanent residence address test based on documentary evidence or the FI would need to determine the residence on the basis of an indicia search. A self-certification (and/or documentary evidence) would be needed in case of conflicting indicia, in the absence of which reporting would be done to all reportable jurisdictions for which indicia have been found. For Higher Value Accounts enhanced due diligence procedures apply, including a paper record search and an actual knowledge test by the relationship manager.
- For **New Individual Accounts** the CRS contemplates self-certification (and the confirmation of its reasonableness) without de minimis threshold.
- For **Pre-existing Entity Accounts**, FIs are required to determine: a) whether the entity itself is a Reportable Person, which can generally be done on the basis of available information (AML/KYC procedures) and if not, a self-certification would be needed; and b) whether the entity is a passive NFE and, if so, the residency of controlling persons. For a number of account holders the active/passive assessment is rather straight forward and can be made on the basis of available information, for others this may require self-certification. Pre-existing Entity Accounts below 250,000 USD (or local currency equivalent) are not subject to review.
- For **New Entity Accounts**, the same assessments need to be made as for Pre-existing Accounts. However, as it is easier to obtain self-certifications for new accounts, the 250,000 USD (or local currency equivalent) threshold does not apply.

29. While the CRS contemplates due diligence procedures generally designed to identify reportable accounts, there are good reasons why jurisdictions may wish to go wider and, for instance, extend due diligence procedures for pre-existing accounts to cover all non-residents or cover residents of countries with which they have an exchange of information instrument in place. Such an approach could significantly reduce costs for financial institutions compared to an approach where due diligence has to be performed each time a new jurisdiction joins. Such wider rules or procedures are fully consistent with the narrower reporting and due diligence rules described in the CRS. The Commentary to the CRS will contain a version of the due diligence and reporting requirements that follows such a wider approach.

30. Section IX of the CRS describes the rules and administrative procedures an implementing jurisdiction is expected to have in place to ensure effective implementation of, and compliance with, the CRS.

**PART II: TEXT OF MODEL COMPETENT AUTHORITY AGREEMENT  
AND COMMON REPORTING STANDARD**

**MODEL AGREEMENT BETWEEN THE COMPETENT AUTHORITIES OF [JURISDICTION  
A] AND [JURISDICTION B] ON THE AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT  
INFORMATION TO IMPROVE INTERNATIONAL TAX COMPLIANCE**

Whereas, the Government of [Jurisdiction A] and the Government of [Jurisdiction B] have a longstanding and close relationship with respect to mutual assistance in tax matters and desire to improve international tax compliance by further building on that relationship;

Whereas, the laws of their respective jurisdictions [are expected to require]/[require]/[require or are expected to require] financial institutions to report information regarding certain accounts and follow related due diligence procedures, consistent with the scope of exchange contemplated by Section 2 of this Agreement and the reporting and due diligence procedures contained in the Annex;

Whereas, [Article [...] of the Income Tax Convention between [Jurisdiction A] and [Jurisdiction B]/[Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters] (the “Convention”)/[other applicable legal instrument (the “Instrument”)], authorises the exchange of information for tax purposes, including the exchange of information on an automatic basis, and allows the competent authorities of [Jurisdiction A] and [Jurisdiction B] (the “Competent Authorities”) to agree the scope and modalities of such automatic exchanges;

Whereas, [Jurisdiction A] and [Jurisdiction B] have in place (i) appropriate safeguards to ensure that the information received pursuant to this Agreement remains confidential and is used solely for the purposes set out in the [Convention]/[Instrument], and (ii) the infrastructure for an effective exchange relationship (including established processes for ensuring timely, accurate, and confidential information exchanges, effective and reliable communications, and capabilities to promptly resolve questions and concerns about exchanges or requests for exchanges and to administer the provisions of Section 4 of this Agreement);

Whereas, the Competent Authorities desire to conclude an agreement to improve international tax compliance based on reciprocal automatic exchange pursuant to the [Convention]/[Instrument], and subject to the confidentiality and other protections provided for therein, including the provisions limiting the use of the information exchanged under the [Convention]/[Instrument];

Now, therefore, the Competent Authorities have agreed as follows:

## SECTION 1

### *Definitions*

1. For the purposes of this agreement (“Agreement”), the following terms have the following meanings:
- a) The term “[**Jurisdiction A**]” means [...].
  - b) The term “[**Jurisdiction B**]” means [...].
  - c) The term “[**Competent Authority**]” means:
    - (1) in the case of [Jurisdiction A], [...]; and
    - (2) in the case of [Jurisdiction B], [...].
  - d) The term “[**Jurisdiction A**] **Financial Institution**” means (i) any Financial Institution that is resident in [Jurisdiction A], but excludes any branch of that Financial Institution that is located outside [Jurisdiction A], and (ii) any branch of a Financial Institution that is not resident in [Jurisdiction A], if that branch is located in [Jurisdiction A].
  - e) The term “[**Jurisdiction B**] **Financial Institution**” means (i) any Financial Institution that is resident in [Jurisdiction B], but excludes any branch of that Financial Institution that is located outside [Jurisdiction B], and (ii) any branch of a Financial Institution that is not resident in [Jurisdiction B], if that branch is located in [Jurisdiction B].
  - f) The term “[**Reporting Financial Institution**]” means any [Jurisdiction A] Financial Institution or [Jurisdiction B] Financial Institution, as the context requires, that is not a Non-Reporting Financial Institution.
  - g) The term “[**Reportable Account**]” means a [Jurisdiction A] Reportable Account or a [Jurisdiction B] Reportable Account, as the context requires, provided it has been identified as such pursuant to due diligence procedures, consistent with the Annex, in place in [Jurisdiction A] or [Jurisdiction B].
  - h) The term “[**Jurisdiction A**] **Reportable Account**” means a Financial Account that is maintained by a [Jurisdiction B] Reporting Financial Institution and held by one or more [Jurisdiction A] persons that are Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a [Jurisdiction A] Reportable Person.
  - i) The term “[**Jurisdiction B**] **Reportable Account**” means a Financial Account that is maintained by a [Jurisdiction A] Reporting Financial Institution and held by one or more [Jurisdiction B] persons that are Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a [Jurisdiction B] Reportable Person.
  - j) The term “[**Jurisdiction A**] **Person**” means an individual or Entity that is identified by a [Jurisdiction B] Reporting Financial Institution as resident in [Jurisdiction A] pursuant to due diligence procedures consistent with the Annex, or an estate of a decedent that was a resident of [Jurisdiction A].

- k) The term “**[Jurisdiction B] Person**” means an individual or Entity that is identified by a [Jurisdiction A] Reporting Financial Institution as resident in [Jurisdiction B] pursuant to due diligence procedures consistent with the Annex, or an estate of a decedent that was a resident of [Jurisdiction B].
- l) The term “**TIN**” means a [Jurisdiction A] TIN or a [Jurisdiction B] TIN, as the context requires.
- m) The term “**[Jurisdiction A] TIN**” means a [...].
- n) The term “**[Jurisdiction B] TIN**” means a [...].

2. Any capitalised term not otherwise defined in this Agreement will have the meaning that it has at that time under the law of the jurisdiction applying the Agreement, such meaning being consistent with the meaning set forth in the Annex. Any term not otherwise defined in this Agreement or in the Annex will, unless the context otherwise requires or the Competent Authorities agree to a common meaning (as permitted by domestic law), have the meaning that it has at that time under the law of the jurisdiction applying this Agreement, any meaning under the applicable tax laws of that jurisdiction prevailing over a meaning given to the term under other laws of that jurisdiction.

## SECTION 2

### *Exchange of Information with Respect to Reportable Accounts*

1. Pursuant to the provisions of Article [...] of the [Convention]/[Instrument] and subject to the applicable reporting and due diligence rules consistent with the Annex, each Competent Authority will annually exchange with the other Competent Authority on an automatic basis the information obtained pursuant to such rules and specified in paragraph 2.

2. The information to be exchanged is, in the case of [Jurisdiction A] with respect to each [Jurisdiction B] Reportable Account, and in the case of [Jurisdiction B] with respect to each [Jurisdiction A] Reportable Account:

- a) the name, address, TIN and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of due diligence procedures consistent with the Annex, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, and TIN of the Entity and the name, address, TIN and date and place of birth of each Reportable Person;
- b) the account number (or functional equivalent in the absence of an account number);
- c) the name and identifying number (if any) of the Reporting Financial Institution;
- d) the account balance or value (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
- e) in the case of any Custodial Account:

- (1) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period; and
  - (2) the total gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee, or otherwise as an agent for the Account Holder;
- f) in the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and
- g) in the case of any account not described in subparagraph 2(e) or (f), the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

### **SECTION 3**

#### ***Time and Manner of Exchange of Information***

1. For the purposes of the exchange of information in Section 2, the amount and characterization of payments made with respect to a Reportable Account may be determined in accordance with the principles of the tax laws of the jurisdiction exchanging the information.
2. For the purposes of the exchange of information in Section 2, the information exchanged will identify the currency in which each relevant amount is denominated.
3. With respect to paragraph 2 of Section 2, information is to be exchanged with respect to [xxxx] and all subsequent years and will be exchanged within nine months after the end of the calendar year to which the information relates. Notwithstanding the foregoing sentence information is only required to be exchanged with respect to a calendar year if both jurisdictions have in effect legislation that requires reporting with respect to such calendar year that is consistent with the scope of exchange provided for in Section 2 and the reporting and due diligence procedures contained in the Annex.
4. Notwithstanding paragraph 3, the information to be exchanged with respect to [xxxx] is the information described in paragraph 2 of Section 2, except for gross proceeds described in subparagraph 2(e)(2) of Section 2.
5. The Competent Authorities will automatically exchange the information described in Section 2 in a common reporting standard schema in Extensible Markup Language.
6. The Competent Authorities will agree on one or more methods for data transmission including encryption standards.



## **SECTION 4**

### ***Collaboration on Compliance and Enforcement***

A Competent Authority will notify the other Competent Authority when the first-mentioned Competent Authority has reason to believe that an error may have led to incorrect or incomplete information reporting or there is non-compliance by a Reporting Financial Institution with the applicable reporting requirements and due diligence procedures consistent with the Annex. The notified Competent Authority will take all appropriate measures available under its domestic law to address the errors or non-compliance described in the notice.

## **SECTION 5**

### ***Confidentiality and Data Safeguards***

1. All information exchanged is subject to the confidentiality rules and other safeguards provided for in the [Convention]/[Instrument], including the provisions limiting the use of the information exchanged and, to the extent needed to ensure the necessary level of protection of personal data, in accordance with the safeguards which may be specified by the supplying Competent Authority as required under its domestic law.
2. Each Competent Authority will notify the other Competent Authority immediately regarding any breach of confidentiality or failure of safeguards and any sanctions and remedial actions consequently imposed.

## **SECTION 6**

### ***Consultations and Amendments***

1. If any difficulties in the implementation or interpretation of this Agreement arise, either Competent Authority may request consultations to develop appropriate measures to ensure that this Agreement is fulfilled.
2. This Agreement may be amended by written agreement of the Competent Authorities. Unless otherwise agreed upon, such an amendment is effective on the first day of the month following the expiration of a period of one month after the date of the later of the signatures of such written agreement or the date of the later of the notifications exchanged for purposes of such written agreement.

## **SECTION 7**

### ***Term of Agreement***

1. This Agreement will come into effect [...]/[on the date of the later of the notifications provided by each Competent Authority that its jurisdiction has the necessary laws in place to implement the Agreement].
2. A Competent Authority may suspend the exchange of information under this Agreement by giving notice in writing to the other Competent Authority that it has determined that there is or has been significant non-compliance by the other Competent Authority with this Agreement. Such suspension will

have immediate effect. For the purposes of this paragraph, significant non-compliance includes, but is not limited to, non-compliance with the confidentiality and data safeguard provisions of this Agreement and the [Convention]/[Instrument], a failure by the Competent Authority to provide timely or adequate information as required under this Agreement or defining the status of Entities or accounts as Non-Reporting Financial Institutions and Excluded Accounts in a manner that frustrates the purposes of the Common Reporting Standard.

3. Either Competent Authority may terminate this Agreement by giving notice of termination in writing to the other Competent Authority. Such termination will become effective on the first day of the month following the expiration of a period of 12 months after the date of the notice of termination. In the event of termination, all information previously received under this Agreement will remain confidential and subject to the terms of the [Convention/Instrument].

Signed in duplicate in [...] on [...].

COMPETENT AUTHORITY FOR  
[Jurisdiction A]:

COMPETENT AUTHORITY FOR  
[Jurisdiction B]:

(ANNEX)

**COMMON STANDARD ON REPORTING AND DUE DILIGENCE FOR FINANCIAL ACCOUNT INFORMATION (“COMMON REPORTING STANDARD”)**

**Section I: General Reporting Requirements**

- A. Subject to paragraphs C through F, each Reporting Financial Institution must report the following information with respect to each Reportable Account of such Reporting Financial Institution:
1. the name, address, jurisdiction(s) of residence, TIN and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with Sections V, VI and VII, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction(s) of residence and TIN of the Entity and the name, address, jurisdiction(s) of residence, TIN and date and place of birth of each Reportable Person;
  2. the account number (or functional equivalent in the absence of an account number);
  3. the name and identifying number (if any) of the Reporting Financial Institution;
  4. the account balance or value (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
  5. in the case of any Custodial Account:
    - a) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period; and
    - b) the total gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee, or otherwise as an agent for the Account Holder;
  6. in the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and
  7. in the case of any account not described in subparagraph A(5) or (6), the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.
- B. The information reported must identify the currency in which each amount is denominated.

- C. Notwithstanding subparagraph A(1), with respect to each Reportable Account that is a Preexisting Account, the TIN or date of birth is not required to be reported if such TIN or date of birth is not in the records of the Reporting Financial Institution and is not otherwise required to be collected by such Reporting Financial Institution under domestic law. However, a Reporting Financial Institution is required to use reasonable efforts to obtain the TIN and date of birth with respect to Preexisting Accounts by the end of the second calendar year following the year in which such Accounts were identified as Reportable Accounts.
- D. Notwithstanding subparagraph A(1), the TIN is not required to be reported if (i) a TIN is not issued by the relevant Reportable Jurisdiction or (ii) the domestic law of the relevant Reportable Jurisdiction does not require the collection of the TIN issued by such Reportable Jurisdiction.
- E. Notwithstanding subparagraph A(1), the place of birth is not required to be reported unless the Reporting Financial Institution is otherwise required to obtain and report it under domestic law and it is available in the electronically searchable data maintained by the Reporting Financial Institution.
- F. Notwithstanding paragraph A, the information to be reported with respect to [xxxx] is the information described in such paragraph, except for gross proceeds described in subparagraph A(5)(b).

## **Section II: General Due Diligence Requirements**

- A. An account is treated as a Reportable Account beginning as of the date it is identified as such pursuant to the due diligence procedures in Sections II through VII and, unless otherwise provided, information with respect to a Reportable Account must be reported annually in the calendar year following the year to which the information relates.
- B. The balance or value of an account is determined as of the last day of the calendar year or other appropriate reporting period.
- C. Where a balance or value threshold is to be determined as of the last day of a calendar year, the relevant balance or value must be determined as of the last day of the reporting period that ends with or within that calendar year.
- D. Each Jurisdiction may allow Reporting Financial Institutions to use service providers to fulfil the reporting and due diligence obligations imposed on such Reporting Financial Institutions, as contemplated in domestic law, but these obligations shall remain the responsibility of the Reporting Financial Institutions.
- E. Each Jurisdiction may allow Reporting Financial Institutions to apply the due diligence procedures for New Accounts to Preexisting Accounts, and the due diligence procedures for High Value Accounts to Lower Value Accounts. Where a Jurisdiction allows New Account due diligence procedures to be used for Preexisting Accounts, the rules otherwise applicable to Preexisting Accounts continue to apply.

### Section III: Due Diligence for Preexisting Individual Accounts

The following procedures apply for purposes of identifying Reportable Accounts among Preexisting Individual Accounts.

- A. **Accounts Not Required to be Reviewed, Identified, or Reported.** A Preexisting Individual Account that is a Cash Value Insurance Contract or an Annuity Contract is not required to be reviewed, identified or reported, provided the Reporting Financial Institution is effectively prevented by law from selling such Contract to residents of a Reportable Jurisdiction.
- B. **Lower Value Accounts.** The following procedures apply with respect to Lower Value Accounts.
1. **Residence Address.** If the Reporting Financial Institution has in its records a current residence address for the individual Account Holder based on Documentary Evidence, the Reporting Financial Institution may treat the individual Account Holder as being a resident for tax purposes of the jurisdiction in which the address is located for purposes of determining whether such individual Account Holder is a Reportable Person.
  2. **Electronic Record Search.** If the Reporting Financial Institution does not rely on a current residence address for the individual Account Holder based on Documentary Evidence as set forth in subparagraph B(1), the Reporting Financial Institution must review electronically searchable data maintained by the Reporting Financial Institution for any of the following indicia and apply subparagraphs B(3) through (6):
    - a) Identification of the Account Holder as a resident of a Reportable Jurisdiction;
    - b) Current mailing or residence address (including a post office box) in a Reportable Jurisdiction;
    - c) One or more telephone numbers in a Reportable Jurisdiction and no telephone number in the jurisdiction of the Reporting Financial Institution;
    - d) Standing instructions (other than with respect to a Depository Account) to transfer funds to an account maintained in a Reportable Jurisdiction;
    - e) Currently effective power of attorney or signatory authority granted to a person with an address in a Reportable Jurisdiction; or
    - f) A “hold mail” instruction or “in-care-of” address in a Reportable Jurisdiction if the Reporting Financial Institution does not have any other address on file for the Account Holder.
  3. If none of the indicia listed in subparagraph B(2) are discovered in the electronic search, then no further action is required until there is a change in circumstances that results in one or more indicia being associated with the account, or the account becomes a High Value Account.
  4. If any of the indicia listed in subparagraph B(2)(a) through (e) are discovered in the electronic search, or if there is a change in circumstances that results in one or more indicia being associated with the account, then the Reporting Financial Institution must treat the Account Holder as a resident for tax purposes of each Reportable Jurisdiction for which an

indicium is identified, unless it elects to apply subparagraph B(6) and one of the exceptions in such subparagraph applies with respect to that account.

5. If a “hold mail” instruction or “in-care-of” address is discovered in the electronic search and no other address and none of the other indicia listed in subparagraph B(2)(a) through (e) are identified for the Account Holder, the Reporting Financial Institution must, in the order most appropriate to the circumstances, apply the paper record search described in subparagraph C(2), or seek to obtain from the Account Holder a self-certification or Documentary Evidence to establish the residence(s) for tax purposes of such Account Holder. If the paper search fails to establish an indicium and the attempt to obtain the self-certification or Documentary Evidence is not successful, the Reporting Financial Institution must report the account as an undocumented account.
6. Notwithstanding a finding of indicia under subparagraph B(2), a Reporting Financial Institution is not required to treat an Account Holder as a resident of a Reportable Jurisdiction if:
  - a) The Account Holder information contains a current mailing or residence address in the Reportable Jurisdiction, one or more telephone numbers in the Reportable Jurisdiction (and no telephone number in the jurisdiction of the Reporting Financial Institution) or standing instructions (with respect to Financial Accounts other than Depository Accounts) to transfer funds to an account maintained in a Reportable Jurisdiction, the Reporting Financial Institution obtains, or has previously reviewed and maintains a record of:
    - i. A self-certification from the Account Holder of the jurisdiction(s) of residence of such Account Holder that does not include such Reportable Jurisdiction; and
    - ii. Documentary Evidence establishing the Account Holder’s non-reportable status.
  - b) The Account Holder information contains a currently effective power of attorney or signatory authority granted to a person with an address in the Reportable Jurisdiction, the Reporting Financial Institution obtains, or has previously reviewed and maintains a record of:
    - i. A self-certification from the Account Holder of the jurisdiction(s) of residence of such Account Holder that does not include such Reportable Jurisdiction; or
    - ii. Documentary Evidence establishing the Account Holder’s non-reportable status.

C. **Enhanced Review Procedures for High Value Accounts.** The following enhanced review procedures apply with respect to High Value Accounts.

1. **Electronic Record Search.** With respect to High Value Accounts, the Reporting Financial Institution must review electronically searchable data maintained by the Reporting Financial Institution for any of the indicia described in subparagraph B(2).
2. **Paper Record Search.** If the Reporting Financial Institution’s electronically searchable databases include fields for, and capture all of the information described in, subparagraph C(3), then a further paper record search is not required. If the electronic databases do not capture all of this information, then with respect to a High Value Account, the Reporting Financial Institution must also review the current customer master file and, to the extent not contained in the current customer master file, the following documents associated with the

account and obtained by the Reporting Financial Institution within the last five years for any of the indicia described in subparagraph B(2):

- a) The most recent Documentary Evidence collected with respect to the account;
- b) The most recent account opening contract or documentation;
- c) The most recent documentation obtained by the Reporting Financial Institution pursuant to AML/KYC Procedures or for other regulatory purposes;
- d) Any power of attorney or signature authority forms currently in effect; and
- e) Any standing instructions (other than with respect to a Depository Account) to transfer funds currently in effect.

3. **Exception To The Extent Databases Contain Sufficient Information.** A Reporting Financial Institution is not required to perform the paper record search described in subparagraph C(2) to the extent the Reporting Financial Institution's electronically searchable information includes the following:

- a) The Account Holder's residence status;
- b) The Account Holder's residence address and mailing address currently on file with the Reporting Financial Institution;
- c) The Account Holder's telephone number(s) currently on file, if any, with the Reporting Financial Institution;
- d) In the case of Financial Accounts other than Depository Accounts, whether there are standing instructions to transfer funds in the account to another account (including an account at another branch of the Reporting Financial Institution or another Financial Institution);
- e) Whether there is a current "in-care-of" address or "hold mail" instruction for the Account Holder; and
- f) Whether there is any power of attorney or signatory authority for the account.

4. **Relationship Manager Inquiry for Actual Knowledge.** In addition to the electronic and paper record searches described above, the Reporting Financial Institution must treat as a Reportable Account any High Value Account assigned to a relationship manager (including any Financial Accounts aggregated with that High Value Account) if the relationship manager has actual knowledge that the Account Holder is a Reportable Person.

5. **Effect of Finding Indicia.**

- a) If none of the indicia listed in subparagraph B(2) are discovered in the enhanced review of High Value Accounts described above, and the account is not identified as held by a Reportable Person in subparagraph C(4), then further action is not required until there is a change in circumstances that results in one or more indicia being associated with the account.

- b) If any of the indicia listed in subparagraph B(2)(a) through (e) are discovered in the enhanced review of High Value Accounts described above, or if there is a subsequent change in circumstances that results in one or more indicia being associated with the account, then the Reporting Financial Institution must treat the account as a Reportable Account with respect to each Reportable Jurisdiction for which an indicium is identified unless it elects to apply subparagraph B(6) of this Section and one of the exceptions in such subparagraph applies with respect to that account.
  - c) If a “hold mail” instruction or “in-care-of” address is discovered in the electronic search and no other address and none of the other indicia listed in subparagraph B(2)(a) through (e) are identified for the Account Holder, the Reporting Financial Institution must obtain from such Account Holder a self-certification or Documentary Evidence to establish the residence(s) for tax purposes of the Account Holder. If the Reporting Financial Institution cannot obtain such self-certification or Documentary Evidence, it must report the account as an undocumented account.
- 6. If a Preexisting Individual Account is not a High Value Account as of 31 December [xxxx], but becomes a High Value Account as of the last day of a subsequent calendar year, the Reporting Financial Institution must complete the enhanced review procedures described in paragraph C with respect to such account within the calendar year following the year in which the account becomes a High Value Account. If based on this review such account is identified as a Reportable Account, the Reporting Financial Institution must report the required information about such account with respect to the year in which it is identified as a Reportable Account and subsequent years on an annual basis, unless the Account Holder ceases to be a Reportable Person.
  - 7. Once a Reporting Financial Institution applies the enhanced review procedures described in paragraph C to a High Value Account, the Reporting Financial Institution is not required to re-apply such procedures, other than the relationship manager inquiry described in subparagraph C(4), to the same High Value Account in any subsequent year unless the account is undocumented where the Reporting Financial Institution should re-apply them annually until such account ceases to be undocumented.
  - 8. If there is a change of circumstances with respect to a High Value Account that results in one or more indicia described in subparagraph B(2) being associated with the account, then the Reporting Financial Institution must treat the account as a Reportable Account with respect to each Reportable Jurisdiction for which an indicium is identified unless it elects to apply subparagraph B(6) and one of the exceptions in such subparagraph applies with respect to that account.
  - 9. A Reporting Financial Institution must implement procedures to ensure that a relationship manager identifies any change in circumstances of an account. For example, if a relationship manager is notified that the Account Holder has a new mailing address in a Reportable Jurisdiction, the Reporting Financial Institution is required to treat the new address as a change in circumstances and, if it elects to apply subparagraph B(6), is required to obtain the appropriate documentation from the Account Holder.
- D. Review of Preexisting Individual Accounts must be completed by [xx/xx/xxxx].



- E. Any Preexisting Individual Account that has been identified as a Reportable Account under this Section must be treated as a Reportable Account in all subsequent years, unless the Account Holder ceases to be a Reportable Person.

#### **Section IV: Due Diligence for New Individual Accounts**

The following procedures apply for purposes of identifying Reportable Accounts among New Individual Accounts.

- A. With respect to New Individual Accounts, upon account opening, the Reporting Financial Institution must obtain a self-certification, which may be part of the account opening documentation, that allows the Reporting Financial Institution to determine the Account Holder's residence(s) for tax purposes and confirm the reasonableness of such self-certification based on the information obtained by the Reporting Financial Institution in connection with the opening of the account, including any documentation collected pursuant to AML/KYC Procedures.
- B. If the self-certification establishes that the Account Holder is resident for tax purposes in a Reportable Jurisdiction, the Reporting Financial Institution must treat the account as a Reportable Account and the self-certification must also include the Account Holder's TIN with respect to such Reportable Jurisdiction (subject to paragraph D of Section I) and date of birth.
- C. If there is a change of circumstances with respect to a New Individual Account that causes the Reporting Financial Institution to know, or have reason to know, that the original self-certification is incorrect or unreliable, the Reporting Financial Institution cannot rely on the original self-certification and must obtain a valid self-certification that establishes the residence(s) for tax purposes of the Account Holder.

#### **Section V: Due Diligence for Preexisting Entity Accounts**

The following procedures apply for purposes of identifying Reportable Accounts among Preexisting Entity Accounts.

- A. **Entity Accounts Not Required to Be Reviewed, Identified or Reported.** Unless the Reporting Financial Institution elects otherwise, either with respect to all Preexisting Entity Accounts or, separately, with respect to any clearly identified group of such accounts, a Preexisting Entity Account with an account balance or value that does not exceed \$250,000 as of 31 December [xxxx], is not required to be reviewed, identified, or reported as a Reportable Account until the account balance or value exceeds \$250,000 as of the last day of any subsequent calendar year.
- B. **Entity Accounts Subject to Review.** A Preexisting Entity Account that has an account balance or value that exceeds \$250,000 as of 31 December [xxxx], and a Preexisting Entity Account that does not exceed \$250,000 as of 31 December [xxxx] but the account balance or value of which exceeds \$250,000 as of the last day of any subsequent calendar year, must be reviewed in accordance with the procedures set forth in paragraph D.
- C. **Entity Accounts With Respect to Which Reporting Is Required.** With respect to Preexisting Entity Accounts described in paragraph B, only accounts that are held by one or more Entities that are Reportable Persons, or by Passive NFEs with one or more Controlling Persons who are Reportable Persons, shall be treated as Reportable Accounts.

D. **Review Procedures for Identifying Entity Accounts With Respect to Which Reporting Is Required.** For Preexisting Entity Accounts described in paragraph B, a Reporting Financial Institution must apply the following review procedures to determine whether the account is held by one or more Reportable Persons, or by Passive NFEs with one or more Controlling Persons who are Reportable Persons:

1. **Determine Whether the Entity Is a Reportable Person.**

- a) Review information maintained for regulatory or customer relationship purposes (including information collected pursuant to AML/KYC Procedures) to determine whether the information indicates that the Account Holder is resident in a Reportable Jurisdiction. For this purpose, information indicating that the Account Holder is resident in a Reportable Jurisdiction includes a place of incorporation or organisation, or an address in a Reportable Jurisdiction.
- b) If the information indicates that the Account Holder is resident in a Reportable Jurisdiction, the Reporting Financial Institution must treat the account as a Reportable Account unless it obtains a self-certification from the Account Holder, or reasonably determines based on information in its possession or that is publicly available, that the Account Holder is not a Reportable Person.

2. **Determine Whether the Entity is a Passive NFE with One or More Controlling Persons Who Are Reportable Persons.** With respect to an Account Holder of a Preexisting Entity Account (including an Entity that is a Reportable Person), the Reporting Financial Institution must determine whether the Account Holder is a Passive NFE with one or more Controlling Persons who are Reportable Persons. If any of the Controlling Persons of a Passive NFE is a Reportable Person, then the account must be treated as a Reportable Account. In making these determinations the Reporting Financial Institution must follow the guidance in subparagraphs D(2)(a) through (c) in the order most appropriate under the circumstances.

- a) **Determining whether the Account Holder is a Passive NFE.** For purposes of determining whether the Account Holder is a Passive NFE, the Reporting Financial Institution must obtain a self-certification from the Account Holder to establish its status, unless it has information in its possession or that is publicly available, based on which it can reasonably determine that the Account Holder is an Active NFE or a Financial Institution other than an Investment Entity described in subparagraph A(6)(b) of Section VIII that is not a Participating Jurisdiction Financial Institution.
- b) **Determining the Controlling Persons of an Account Holder.** For the purposes of determining the Controlling Persons of an Account Holder, a Reporting Financial Institution may rely on information collected and maintained pursuant to AML/KYC Procedures.
- c) **Determining whether a Controlling Person of a Passive NFE is a Reportable Person.** For the purposes of determining whether a Controlling Person of a Passive NFE is a Reportable Person, a Reporting Financial Institution may rely on:
  - i. Information collected and maintained pursuant to AML/KYC Procedures in the case of a Preexisting Entity Account held by one or more NFEs with an account balance that does not exceed \$1,000,000; or

- ii. A self-certification from the Account Holder or such Controlling Person of the jurisdiction(s) in which the Controlling Person is resident for tax purposes.

**E. Timing of Review and Additional Procedures Applicable to Preexisting Entity Accounts.**

1. Review of Preexisting Entity Accounts with an account balance or value that exceeds \$250,000 as of 31 December [xxxx] must be completed by 31 December [xxxx].
2. Review of Preexisting Entity Accounts with an account balance or value that does not exceed \$250,000 as of 31 December [xxxx], but exceeds \$250,000 as of 31 December of a subsequent year, must be completed within the calendar year following the year in which the account balance or value exceeds \$250,000.
3. If there is a change of circumstances with respect to a Preexisting Entity Account that causes the Reporting Financial Institution to know, or have reason to know, that the self-certification or other documentation associated with an account is incorrect or unreliable, the Reporting Financial Institution must re-determine the status of the account in accordance with the procedures set forth in paragraph D.

**Section VI: Due Diligence for New Entity Accounts**

The following procedures apply for purposes of identifying Reportable Accounts among New Entity Accounts.

- A. **Review Procedures for Identifying Entity Accounts With Respect to Which Reporting Is Required.** For New Entity Accounts, a Reporting Financial Institution must apply the following review procedures to determine whether the account is held by one or more Reportable Persons, or by Passive NFEs with one or more Controlling Persons who are Reportable Persons:

1. **Determine Whether the Entity Is a Reportable Person.**

- a) Obtain a self-certification, which may be part of the account opening documentation, that allows the Reporting Financial Institution to determine the Account Holder's residence(s) for tax purposes and confirm the reasonableness of such self-certification based on the information obtained by the Reporting Financial Institution in connection with the opening of the account, including any documentation collected pursuant to AML/KYC Procedures. If the Entity certifies that it has no residence for tax purposes, the Reporting Financial Institution may rely on the address of the principal office of the Entity to determine the residence of the Account Holder.
- b) If the self-certification indicates that the Account Holder is resident in a Reportable Jurisdiction, the Reporting Financial Institution must treat the account as a Reportable Account unless it reasonably determines based on information in its possession or that is publicly available, that the Account Holder is not a Reportable Person with respect to such Reportable Jurisdiction.

2. **Determine Whether the Entity is a Passive NFE with One or More Controlling Persons Who Are Reportable Persons.** With respect to an Account Holder of a New Entity Account (including an Entity that is a Reportable Person), the Reporting Financial Institution must determine whether the Account Holder is a Passive NFE with one or more Controlling Persons who are Reportable Persons. If any of the Controlling Persons of a Passive NFE is a Reportable Person, then the account must be treated as a Reportable Account. In making

these determinations the Reporting Financial Institution must follow the guidance in subparagraphs A(2)(a) through (c) in the order most appropriate under the circumstances.

- a) **Determining whether the Account Holder is a Passive NFE.** For purposes of determining whether the Account Holder is a Passive NFE, the Reporting Financial Institution must rely on a self-certification from the Account Holder to establish its status, unless it has information in its possession or that is publicly available, based on which it can reasonably determine that the Account Holder is an Active NFE or a Financial Institution other than an Investment Entity described in subparagraph A(6)(b) of Section VIII that is not a Participating Jurisdiction Financial Institution.
- b) **Determining the Controlling Persons of an Account Holder.** For purposes of determining the Controlling Persons of an Account Holder, a Reporting Financial Institution may rely on information collected and maintained pursuant to AML/KYC Procedures.
- c) **Determining whether a Controlling Person of a Passive NFE is a Reportable Person.** For purposes of determining whether a Controlling Person of a Passive NFE is a Reportable Person, a Reporting Financial Institution may rely on a self-certification from the Account Holder or such Controlling Person.

## **Section VII: Special Due Diligence Rules**

The following additional rules apply in implementing the due diligence procedures described above:

- A. **Reliance on Self-Certifications and Documentary Evidence.** A Reporting Financial Institution may not rely on a self-certification or Documentary Evidence if the Reporting Financial Institution knows or has reason to know that the self-certification or Documentary Evidence is incorrect or unreliable.
- B. **Alternative Procedures for Financial Accounts Held by Individual Beneficiaries of a Cash Value Insurance Contract or an Annuity Contract.** A Reporting Financial Institution may presume that an individual beneficiary (other than the owner) of a Cash Value Insurance Contract or an Annuity Contract receiving a death benefit is not a Reportable Person and may treat such Financial Account as other than a Reportable Account unless the Reporting Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Reportable Person. A Reporting Financial Institution has reason to know that a beneficiary of a Cash Value Insurance Contract or an Annuity Contract is a Reportable Person if the information collected by the Reporting Financial Institution and associated with the beneficiary contains indicia as described in paragraph B of Section III. If a Reporting Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Reportable Person, the Reporting Financial Institution must follow the procedures in paragraph B of Section III.
- C. **Account Balance Aggregation and Currency Rules.**
  1. **Aggregation of Individual Accounts.** For purposes of determining the aggregate balance or value of Financial Accounts held by an individual, a Reporting Financial Institution is required to aggregate all Financial Accounts maintained by the Reporting Financial Institution, or by a Related Entity, but only to the extent that the Reporting Financial Institution's computerized systems link the Financial Accounts by reference to a data element such as client number or TIN, and allow account balances or values to be aggregated. Each holder of a jointly held Financial Account shall be attributed the entire balance or value of the

jointly held Financial Account for purposes of applying the aggregation requirements described in this subparagraph.

2. **Aggregation of Entity Accounts.** For purposes of determining the aggregate balance or value of Financial Accounts held by an Entity, a Reporting Financial Institution is required to take into account all Financial Accounts that are maintained by the Reporting Financial Institution, or by a Related Entity, but only to the extent that the Reporting Financial Institution's computerized systems link the Financial Accounts by reference to a data element such as client number or TIN, and allow account balances or values to be aggregated. Each holder of a jointly held Financial Account shall be attributed the entire balance or value of the jointly held Financial Account for purposes of applying the aggregation requirements described in this subparagraph.
3. **Special Aggregation Rule Applicable to Relationship Managers.** For purposes of determining the aggregate balance or value of Financial Accounts held by a person to determine whether a Financial Account is a High Value Account, a Reporting Financial Institution is also required, in the case of any Financial Accounts that a relationship manager knows, or has reason to know, are directly or indirectly owned, controlled, or established (other than in a fiduciary capacity) by the same person, to aggregate all such accounts.
4. **Amounts Read to Include Equivalent in Other Currencies.** All dollar amounts are in U.S. dollars and shall be read to include equivalent amounts in other currencies, as determined by domestic law.

## **Section VIII: Defined Terms**

The following terms have the meanings set forth below:

### **A. Reporting Financial Institution**

1. The term "**Reporting Financial Institution**" means any Participating Jurisdiction Financial Institution that is not a Non-Reporting Financial Institution.
2. The term "**Participating Jurisdiction Financial Institution**" means (i) any Financial Institution that is resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside such Participating Jurisdiction, and (ii) any branch of a Financial Institution that is not resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction.
3. The term "**Financial Institution**" means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company.
4. The term "**Custodial Institution**" means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. An Entity holds Financial Assets for the account of others as a substantial portion of its business if the Entity's gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20 per cent of the Entity's gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.

5. The term “**Depository Institution**” means any Entity that accepts deposits in the ordinary course of a banking or similar business.
6. The term “**Investment Entity**” means any Entity:
  - a) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:
    - i. trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;
    - ii. individual and collective portfolio management; or
    - iii. otherwise investing, administering, or managing Financial Assets or money on behalf of other persons; or
  - b) the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity described in subparagraph A(6)(a).

An Entity is treated as primarily conducting as a business one or more of the activities described in subparagraph A(6)(a), or an Entity’s gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets for purposes of subparagraph A(6)(b), if the Entity’s gross income attributable to the relevant activities equals or exceeds 50 per cent of the Entity’s gross income during the shorter of: (i) the three-year period ending on 31 December of the year preceding the year in which the determination is made; or (ii) the period during which the Entity has been in existence. The term “Investment Entity” does not include an Entity that is an Active NFE because it meets any of the criteria in subparagraphs D(9)(d) through (g).

This paragraph shall be interpreted in a manner consistent with similar language set forth in the definition of “financial institution” in the Financial Action Task Force Recommendations.

7. The term “**Financial Asset**” includes a security (for example, a share of stock in a corporation; partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust; note, bond, debenture, or other evidence of indebtedness), partnership interest, commodity, swap (for example, interest rate swaps, currency swaps, basis swaps, interest rate caps, interest rate floors, commodity swaps, equity swaps, equity index swaps, and similar agreements), Insurance Contract or Annuity Contract, or any interest (including a futures or forward contract or option) in a security, partnership interest, commodity, swap, Insurance Contract, or Annuity Contract. The term “Financial Asset” does not include a non-debt, direct interest in real property.
8. The term “**Specified Insurance Company**” means any Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

## B. **Non-Reporting Financial Institution**

1. The term “**Non-Reporting Financial Institution**” means any Financial Institution that is:
  - a) a Governmental Entity, International Organization or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution;
  - b) a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; a Pension Fund of a Governmental Entity, International Organization or Central Bank; or a Qualified Credit Card Issuer;
  - c) any other Entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the Entities described in subparagraphs B(1)(a) and (b), and is defined in domestic law as a Non-Reporting Financial Institution, provided that the status of such Entity as a Non-Reporting Financial Institution does not frustrate the purposes of the Common Reporting Standard;
  - d) an Exempt Collective Investment Vehicle; or
  - e) a trust established under the laws of a Reportable Jurisdiction to the extent that the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported pursuant to Section I with respect to all Reportable Accounts of the trust.
2. The term “**Governmental Entity**” means the government of a jurisdiction, any political subdivision of a jurisdiction (which, for the avoidance of doubt, includes a state, province, county, or municipality), or any wholly owned agency or instrumentality of a jurisdiction or of any one or more of the foregoing (each, a “Governmental Entity”). This category is comprised of the integral parts, controlled entities, and political subdivisions of a jurisdiction.
  - a) An “integral part” of a jurisdiction means any person, organization, agency, bureau, fund, instrumentality, or other body, however designated, that constitutes a governing authority of a jurisdiction. The net earnings of the governing authority must be credited to its own account or to other accounts of the jurisdiction, with no portion inuring to the benefit of any private person. An integral part does not include any individual who is a sovereign, official, or administrator acting in a private or personal capacity.
  - b) A controlled entity means an Entity that is separate in form from the jurisdiction or that otherwise constitutes a separate juridical entity, provided that:
    - i. The Entity is wholly owned and controlled by one or more Governmental Entities directly or through one or more controlled entities;
    - ii. The Entity’s net earnings are credited to its own account or to the accounts of one or more Governmental Entities, with no portion of its income inuring to the benefit of any private person; and
    - iii. The Entity’s assets vest in one or more Governmental Entities upon dissolution.

- c) Income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a governmental program, and the program activities are performed for the general public with respect to the common welfare or relate to the administration of some phase of government. Notwithstanding the foregoing, however, income is considered to inure to the benefit of private persons if the income is derived from the use of a governmental entity to conduct a commercial business, such as a commercial banking business, that provides financial services to private persons.
3. The term “**International Organization**” means any international organization or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organization (including a supranational organization) (1) that is comprised primarily of governments; (2) that has in effect a headquarters or substantially similar agreement with the jurisdiction; and (3) the income of which does not inure to the benefit of private persons.
  4. The term “**Central Bank**” means a bank that is by law or government sanction the principal authority, other than the government of the jurisdiction itself, issuing instruments intended to circulate as currency. Such a bank may include an instrumentality that is separate from the government of the jurisdiction, whether or not owned in whole or in part by the jurisdiction.
  5. The term “**Broad Participation Retirement Fund**” means a fund established to provide retirement, disability, or death benefits, or any combination thereof, to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that the fund:
    - a) Does not have a single beneficiary with a right to more than five per cent of the fund’s assets;
    - b) Is subject to government regulation and provides information reporting to the tax authorities; and
    - c) Satisfies at least one of the following requirements:
      - i. The fund is generally exempt from tax on investment income, or taxation of such income is deferred or taxed at a reduced rate, due to its status as a retirement or pension plan;
      - ii. The fund receives at least 50 per cent of its total contributions (other than transfers of assets from other plans described in subparagraphs B(5) through (7) or from retirement and pension accounts described in subparagraph C(17)(a)) from the sponsoring employers;
      - iii. Distributions or withdrawals from the fund are allowed only upon the occurrence of specified events related to retirement, disability, or death (except rollover distributions to other retirement funds described in subparagraphs B(5) through (7) or retirement and pension accounts described in subparagraph C(17)(a)), or penalties apply to distributions or withdrawals made before such specified events; or
      - iv. Contributions (other than certain permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed \$50,000 annually, applying the rules set forth in paragraph C of Section VII for account aggregation and currency translation.



6. The term “**Narrow Participation Retirement Fund**” means a fund established to provide retirement, disability, or death benefits to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that:
  - a) The fund has fewer than 50 participants;
  - b) The fund is sponsored by one or more employers that are not Investment Entities or Passive NFEs;
  - c) The employee and employer contributions to the fund (other than transfers of assets from retirement and pension accounts described in subparagraph C(17)(a)) are limited by reference to earned income and compensation of the employee, respectively;
  - d) Participants that are not residents of the jurisdiction in which the fund is established are not entitled to more than 20 per cent of the fund’s assets; and
  - e) The fund is subject to government regulation and provides information reporting to the tax authorities.
7. The term “**Pension Fund of a Governmental Entity, International Organization or Central Bank**” means a fund established by a Governmental Entity, International Organization or Central Bank to provide retirement, disability, or death benefits to beneficiaries or participants that are current or former employees (or persons designated by such employees), or that are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the Governmental Entity, International Organization or Central Bank.
8. The term “**Qualified Credit Card Issuer**” means a Financial Institution satisfying the following requirements:
  - a) The Financial Institution is a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and
  - b) Beginning on or before [xx/xx/xxxx], the Financial Institution implements policies and procedures either to prevent a customer from making an overpayment in excess of \$50,000, or to ensure that any customer overpayment in excess of \$50,000 is refunded to the customer within 60 days, in each case applying the rules set forth in paragraph C of Section VII for account aggregation and currency translation. For this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.
9. The term “**Exempt Collective Investment Vehicle**” means an Investment Entity that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle are held by or through one or more Entities described in subparagraph B(1), or individuals or Entities that are not Reportable Persons.

An Investment Entity that is regulated as a collective investment vehicle does not fail to qualify under subparagraph B(9) as an Exempt Collective Investment Vehicle, solely because the collective investment vehicle has issued physical shares in bearer form, provided that:

- a) The collective investment vehicle has not issued, and does not issue, any physical shares in bearer form after [xx/xx/xxxx];
- b) The collective investment vehicle retires all such shares upon surrender;
- c) The collective investment vehicle performs the due diligence procedures set forth in Sections II through VII and reports any information required to be reported with respect to any such shares when such shares are presented for redemption or other payment; and
- d) The collective investment vehicle has in place policies and procedures to ensure that such shares are redeemed or immobilized as soon as possible, and in any event prior to [xx/xx/xxxx].

**C. Financial Account**

1. The term “**Financial Account**” means an account maintained by a Financial Institution, and includes a Depository Account, a Custodial Account and:
  - a) in the case of an Investment Entity other than an Investment Entity that is a Financial Institution solely because it manages an Investment Entity described in subparagraph A(6)(b), any equity or debt interest in the Financial Institution;
  - b) in the case of a Financial Institution not described in subparagraph C(1)(a), any equity or debt interest in the Financial Institution, if the class of interests was established with a purpose of avoiding reporting in accordance with Section I; and
  - c) any Cash Value Insurance Contract and any Annuity Contract issued or maintained by a Financial Institution, other than a noninvestment-linked, non-transferable immediate life annuity that is issued to an individual and monetizes a pension or disability benefit provided under an account that is an Excluded Account.

The term “Financial Account” does not include any account that is an Excluded Account.

2. The term “**Depository Account**” includes any commercial, checking, savings, time, or thrift account, or an account that is evidenced by a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument maintained by a Financial Institution in the ordinary course of a banking or similar business. A Depository Account also includes an amount held by an insurance company pursuant to a guaranteed investment contract or similar agreement to pay or credit interest thereon.
3. The term “**Custodial Account**” means an account (other than an Insurance Contract or Annuity Contract) for the benefit of another person that holds one or more Financial Assets.
4. The term “**Equity Interest**” means, in the case of a partnership that is a Financial Institution, either a capital or profits interest in the partnership. In the case of a trust that is a Financial Institution, an Equity Interest is considered to be held by any person treated as a settlor or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust. A Reportable Person will be treated as being a beneficiary of a trust if such Reportable Person has the right to receive directly or indirectly (for example,

- through a nominee) a mandatory distribution or may receive, directly or indirectly, a discretionary distribution from the trust.
5. The term **“Insurance Contract”** means a contract (other than an Annuity Contract) under which the issuer agrees to pay an amount upon the occurrence of a specified contingency involving mortality, morbidity, accident, liability, or property risk.
  6. The term **“Annuity Contract”** means a contract under which the issuer agrees to make payments for a period of time determined in whole or in part by reference to the life expectancy of one or more individuals. The term also includes a contract that is considered to be an Annuity Contract in accordance with the law, regulation, or practice of the jurisdiction in which the contract was issued, and under which the issuer agrees to make payments for a term of years.
  7. The term **“Cash Value Insurance Contract”** means an Insurance Contract (other than an indemnity reinsurance contract between two insurance companies) that has a Cash Value.
  8. The term **“Cash Value”** means the greater of (i) the amount that the policyholder is entitled to receive upon surrender or termination of the contract (determined without reduction for any surrender charge or policy loan), and (ii) the amount the policyholder can borrow under or with regard to the contract. Notwithstanding the foregoing, the term “Cash Value” does not include an amount payable under an Insurance Contract:
    - a) Solely by reason of the death of an individual insured under a life insurance contract including a refund of a previously paid premium provided such refund is a Limited Risk Refund as the term is understood in the Commentary;
    - b) As a personal injury or sickness benefit or other benefit providing indemnification of an economic loss incurred upon the occurrence of the event insured against;
    - c) Subject to the application of subparagraph C(8)(a), as a refund of a previously paid premium (less cost of insurance charges whether or not actually imposed) under an Insurance Contract (other than a life insurance contract or an Annuity Contract) due to cancellation or termination of the contract, decrease in risk exposure during the effective period of the contract, or arising from the correction of a posting or similar error with regard to the premium for the contract;
    - d) As a policyholder dividend (other than a termination dividend) provided that the dividend relates to an Insurance Contract under which the only benefits payable are described in subparagraph C(8)(b); or
    - e) As a return of an advance premium or premium deposit for an Insurance Contract for which the premium is payable at least annually if the amount of the advance premium or premium deposit does not exceed the next annual premium that will be payable under the contract.
  9. The term **“Preexisting Account”** means a Financial Account maintained by a Reporting Financial Institution as of [xx/xx/xxxx].
  10. The term **“New Account”** means a Financial Account maintained by a Reporting Financial Institution opened on or after [xx/xx/xxxx].

11. The term **“Preexisting Individual Account”** means a Preexisting Account held by one or more individuals.
12. The term **“New Individual Account”** means a New Account held by one or more individuals.
13. The term **“Preexisting Entity Account”** means a Preexisting Account held by one or more Entities.
14. The term **“Lower Value Account”** means a Preexisting Individual Account with a balance or value as of 31 December [xxxx] that does not exceed \$1,000,000.
15. The term **“High Value Account”** means a Preexisting Individual Account with a balance or value that exceeds \$1,000,000 as of 31 December [xxxx] or 31 December of any subsequent year.
16. The term **“New Entity Account”** means a New Account held by one or more Entities.
17. The term **“Excluded Account”** means any of the following accounts:
  - a) A retirement or pension account that satisfies the following requirements:
    - i. The account is subject to regulation as a personal retirement account or is part of a registered or regulated retirement or pension plan for the provision of retirement or pension benefits (including disability or death benefits);
    - ii. The account is tax-favoured (i.e., contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);
    - iii. Information reporting is required to the tax authorities with respect to the account;
    - iv. Withdrawals are conditioned on reaching a specified retirement age, disability, or death, or penalties apply to withdrawals made before such specified events; and
    - v. Either (i) annual contributions are limited to \$50,000 or less, or (ii) there is a maximum lifetime contribution limit to the account of \$1,000,000 or less, in each case applying the rules set forth in paragraph C of Section VII for account aggregation and currency translation.

A Financial Account that otherwise satisfies the requirements of this subparagraph will not fail to satisfy such requirements solely because such Financial Account may receive assets or funds transferred from one or more Financial Accounts that meet the requirements of subparagraph C(17)(a) or (b) or from one or more retirement or pension funds that meet the requirements of any of subparagraphs B(5) through (7).
  - b) An account that satisfies the following requirements:
    - i. The account is subject to regulation as an investment vehicle for purposes other than for retirement and is regularly traded on an established securities market, or the

account is subject to regulation as a savings vehicle for purposes other than for retirement;

- ii. The account is tax-favoured (i.e., contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);
- iii. Withdrawals are conditioned on meeting specific criteria related to the purpose of the investment or savings account (for example, the provision of educational or medical benefits), or penalties apply to withdrawals made before such criteria are met; and
- iv. Annual contributions are limited to \$50,000 or less, applying the rules set forth in paragraph C of Section VII for account aggregation and currency translation.

A Financial Account that otherwise satisfies the requirements of this subparagraph will not fail to satisfy such requirements solely because such Financial Account may receive assets or funds transferred from one or more Financial Accounts that meet the requirements of subparagraph C(17)(a) or (b) or from one or more retirement or pension funds that meet the requirements of any of subparagraphs B(5) through (7).

- c) A life insurance contract with a coverage period that will end before the insured individual attains age 90, provided that the contract satisfies the following requirements:
  - i. Periodic premiums, which do not decrease over time, are payable at least annually during the period the contract is in existence or until the insured attains age 90, whichever is shorter;
  - ii. The contract has no contract value that any person can access (by withdrawal, loan, or otherwise) without terminating the contract;
  - iii. The amount (other than a death benefit) payable upon cancellation or termination of the contract cannot exceed the aggregate premiums paid for the contract, less the sum of mortality, morbidity, and expense charges (whether or not actually imposed) for the period or periods of the contract's existence and any amounts paid prior to the cancellation or termination of the contract; and
  - iv. The contract is not held by a transferee for value.
- d) An account that is held solely by an estate if the documentation for such account includes a copy of the deceased's will or death certificate.
- e) An account established in connection with any of the following:
  - i. A court order or judgment.
  - ii. A sale, exchange, or lease of real or personal property, provided that the account satisfies the following requirements:

- (i) The account is funded solely with a down payment, earnest money, deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a Financial Asset that is deposited in the account in connection with the sale, exchange, or lease of the property;
  - (ii) The account is established and used solely to secure the obligation of the purchaser to pay the purchase price for the property, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;
  - (iii) The assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person's obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;
  - (iv) The account is not a margin or similar account established in connection with a sale or exchange of a Financial Asset; and
  - (v) The account is not associated with an account described in subparagraph C(17)(f).
- iii. An obligation of a Financial Institution servicing a loan secured by real property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the real property at a later time.
  - iv. An obligation of a Financial Institution solely to facilitate the payment of taxes at a later time.
- f) A Depository Account that satisfies the following requirements:
    - i. The account exists solely because a customer makes a payment in excess of a balance due with respect to a credit card or other revolving credit facility and the overpayment is not immediately returned to the customer; and
    - ii. Beginning on or before [xx/xx/xxxx], the Financial Institution implements policies and procedures either to prevent a customer from making an overpayment in excess of \$50,000, or to ensure that any customer overpayment in excess of \$50,000 is refunded to the customer within 60 days, in each case applying the rules set forth in paragraph C of Section VII for currency translation. For this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.
  - g) any other account that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the accounts described in subparagraphs C(17)(a) through (f), and is defined in domestic law as an Excluded Account, provided that the status of such account as an Excluded Account does not frustrate the purposes of the Common Reporting Standard.

#### D. Reportable Account

1. The term “**Reportable Account**” means an account held by one or more Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Reportable Person, provided it has been identified as such pursuant to the due diligence procedures described in Sections II through VII.
2. The term “**Reportable Person**” means a Reportable Jurisdiction Person other than: (i) a corporation the stock of which is regularly traded on one or more established securities markets; (ii) any corporation that is a Related Entity of a corporation described in clause (i); (iii) a Governmental Entity; (iv) an International Organization; (v) a Central Bank; or (vi) a Financial Institution.
3. The term “**Reportable Jurisdiction Person**” means an individual or Entity that is resident in a Reportable Jurisdiction under the tax laws of such jurisdiction, or an estate of a decedent that was a resident of a Reportable Jurisdiction. For this purpose, an Entity such as a partnership, limited liability partnership or similar legal arrangement that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated.
4. The term “**Reportable Jurisdiction**” means a jurisdiction (i) with which an agreement is in place pursuant to which there is an obligation in place to provide the information specified in Section I, and (ii) which is identified in a published list.
5. The term “**Participating Jurisdiction**” means a jurisdiction (i) with which an agreement is in place pursuant to which it will provide the information specified in Section I, and (ii) which is identified in a published list.
6. The term “**Controlling Persons**” means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.
7. The term “**NFE**” means any Entity that is not a Financial Institution.
8. The term “**Passive NFE**” means any: (i) NFE that is not an Active NFE; or (ii) an Investment Entity described in subparagraph A(6)(b) that is not a Participating Jurisdiction Financial Institution.
9. The term “**Active NFE**” means any NFE that meets any of the following criteria:
  - a) Less than 50 per cent of the NFE’s gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 per cent of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;

- b) The stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;
- c) The NFE is a Governmental Entity, an International Organization, a Central Bank , or an Entity wholly owned by one or more of the foregoing;
- d) Substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an NFE does not qualify for this status if the NFE functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;
- e) The NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organization of the NFE;
- f) The NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution;
- g) The NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or
- h) The NFE meets all of the following requirements:
  - i. It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organization, business league, chamber of commerce, labour organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;
  - ii. It is exempt from income tax in its jurisdiction of residence;
  - iii. It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
  - iv. The applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and



- v. The applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organization, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision thereof.

#### E. Miscellaneous

1. The term "**Account Holder**" means the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account for purposes of this Annex, and such other person is treated as holding the account. In the case of a Cash Value Insurance Contract or an Annuity Contract, the Account Holder is any person entitled to access the Cash Value or change the beneficiary of the contract. If no person can access the Cash Value or change the beneficiary, the Account Holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder.
2. The term "**AML/KYC Procedures**" means the customer due diligence procedures of a Reporting Financial Institution pursuant to the anti-money laundering or similar requirements to which such Reporting Financial Institution is subject.
3. The term "**Entity**" means a legal person or a legal arrangement, such as a corporation, partnership, trust, or foundation.
4. An Entity is a "**Related Entity**" of another Entity if either Entity controls the other Entity, or the two Entities are under common control. For this purpose control includes direct or indirect ownership of more than 50 per cent of the vote and value in an Entity.
5. The term "**TIN**" means Taxpayer Identification Number (or functional equivalent in the absence of a Taxpayer Identification Number).
6. The term "**Documentary Evidence**" includes any of the following:
  - a) A certificate of residence issued by an authorized government body (for example, a government or agency thereof, or a municipality) of the jurisdiction in which the payee claims to be a resident.
  - b) With respect to an individual, any valid identification issued by an authorized government body (for example, a government or agency thereof, or a municipality), that includes the individual's name and is typically used for identification purposes.
  - c) With respect to an Entity, any official documentation issued by an authorized government body (for example, a government or agency thereof, or a municipality) that includes the name of the Entity and either the address of its principal office in the jurisdiction in which it claims to be a resident or the jurisdiction in which the Entity was incorporated or organized.

- d) Any audited financial statement, third-party credit report, bankruptcy filing, or securities regulator's report.

**Section IX: Effective Implementation**

- A. A jurisdiction must have rules and administrative procedures in place to ensure effective implementation of, and compliance with, the reporting and due diligence procedures set out above including:
  - 1. rules to prevent any Financial Institutions, persons or intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures;
  - 2. rules requiring Reporting Financial Institutions to keep records of the steps undertaken and any evidence relied upon for the performance of the above procedures and adequate measures to obtain those records;
  - 3. administrative procedures to verify Reporting Financial Institutions' compliance with the reporting and due diligence procedures; administrative procedures to follow up with a Reporting Financial Institution when undocumented accounts are reported;
  - 4. administrative procedures to ensure that the Entities and accounts defined in domestic law as Non-Reporting Financial Institutions and Excluded Accounts continue to have a low risk of being used to evade tax; and
  - 5. effective enforcement provisions to address non-compliance.

## **PART II**

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

## **Progress Report to the G20 Finance Ministers and Central Bank Governors: Global Forum Update on Effectiveness and On-going Monitoring**

February 2014

**REPORT TO THE G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS:  
GLOBAL FORUM UPDATE ON EFFECTIVENESS AND ONGOING MONITORING<sup>9</sup>  
FEBRUARY 2014**

**EXECUTIVE SUMMARY**

At their Saint Petersburg meeting in September 2013, the G20 Leaders encouraged the Global Forum to complete the allocation of comprehensive country ratings regarding the effective implementation of information exchange upon request and encouraged the Global Forum to ensure that the implementation of the standard on exchange of information on request is monitored on a continuous basis. Signalling an increased emphasis on transparency, the G20 Leaders committed to automatic exchange of information (AEOI) as the new, global standard, and asked the Global Forum to establish a mechanism to monitor and review the implementation of this new standard. In this context they asked the Global Forum to work with other international organisations and, in particular, with the G20's Development Working Group (DWG) to enable developing country participation in the international standard on AEOI. Finally, the G20 Leaders invited the Global Forum to draw on the work of the FATF in connection with beneficial ownership.

Since its September 2013 report, the Global Forum has finalised ratings for the first batch of 50 jurisdictions. The overall ratings show that 18 jurisdictions are rated "Compliant", 26 jurisdictions "Largely Compliant", 2 jurisdictions "Partially Compliant" and 4 jurisdictions "Non-Compliant". The Global Forum is on track to complete its remaining peer reviews and has also adopted a revised Schedule of Reviews that sets dates for the Phase 1 reviews of all new members, including a number of developing countries, and Phase 2 reviews for a number of recent members of the Global Forum.

In November 2013, the Global Forum also made some important decisions about its future direction. First, the Global Forum established a new voluntary group on AEOI, which will assist the Global Forum in taking forward the work to monitor and review the implementation of AEOI and help developing countries identify their needs for technical assistance and capacity building before engaging in AEOI. Second, the Global Forum agreed that a Phase 3 review will be initiated in 2016 following the completion of the existing Schedule of Reviews. This will ensure a continuous monitoring of implementation of the international standard. Phase 3 will require a re-examination of the *Terms of Reference* in light of the experience gained from the peer reviews, and in light of international developments, such as the FATF's work on beneficial ownership and the 2012 update of Article 26 of the OECD Model Tax Convention. The Global Forum is currently working actively on this re-examination.

This report describes these developments in more detail and provides an update on other Global Forum activities since the September 2013 report. The report also provides some data on the impact of the Global Forum's work to date, showing that thus far, it has effectively improved transparency and exchange of information between jurisdictions.

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<sup>9</sup> This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

## **Introduction**

31. The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) was profoundly restructured in 2009 following a call from the G20 to ensure a rapid implementation of the international standards through the establishment of a rigorous and comprehensive peer review process. It is now the largest international tax group in the world with 121 members and 12 observers.

32. Since 2009, the Global Forum regularly reports to the G20 Finance Ministers and Central Bank Governors on the effectiveness of information exchange practices and progress in the peer review process. In April, July and September 2013, the Global Forum sent progress reports to the G20 Finance Ministers and Central Bank Governors and to the G20 Leaders on the effectiveness of information exchange practices and described the next steps for the Global Forum, notably the completion of the Phase 2 reviews and the assignment of ratings. These reports showed a high level of co-operation among members, significant progress towards compliance with the international standards and that the Global Forum was on track to deliver the first batch of 50 overall ratings. In September 2013, G20 Leaders asked the Global Forum to achieve the allocation of overall ratings and to ensure that the implementation of the standard on exchange of information on request is monitored on a continuous basis.

33. While commending the progress made in the area of transparency, the G20 Leaders urged all jurisdictions to implement the Global Forum's recommendations without delay, in particular those 14 that had not yet moved to Phase 2. The G20 Leaders also endorsed automatic exchange of information as the new, global standard and asked the Global Forum to establish a mechanism to monitor and review the implementation of this standard. The Global Forum was also asked to work with other international organisations and, in particular, with the G20's Development Working Group to ensure developing country participation in the international standard on automatic exchange of information. Finally, the G20 Leaders invited the Global Forum to draw on the work of the FATF in connection with beneficial ownership.

34. Since the last report to the G20 in September 2013, the Global Forum has made significant progress towards completing the peer review process and in answering the calls from the G20. It has finalised comprehensive ratings for the first batch of 50 jurisdictions; it has agreed on a system to monitor on a continuous basis the implementation of the standard on exchange of information on request (Phase 3), it is undertaking discussions to review the Terms of Reference, including with regard to beneficial ownership; and it has established a process to start work on AEOI. This report describes these developments and provides an update on other Global Forum activities since the September 2013 report. It also provides commentary on the impact of the Global Forum's work to date showing that, thus far, it has effectively improved transparency and exchange of information between jurisdictions.

### **A. The allocation of the ratings and progress on Peer Reviews**

#### ***Progress on peer reviews***

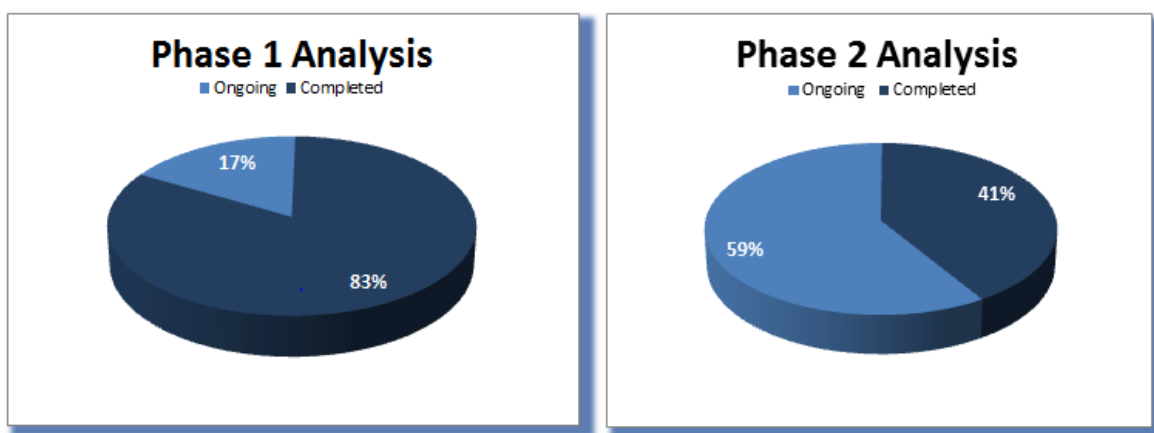
35. The mandate of the Global Forum is to promote exchange of information through a robust and comprehensive monitoring and peer review process.

36. The peer review process evaluates the compliance of a jurisdiction with the international standards of transparency and exchange of information on request. This process is divided between Phase 1 reviews, which examine a jurisdiction's legal framework for transparency and exchange of information, and Phase 2 reviews, which examine information exchange in practice.

37. Since the Global Forum’s report to the G20 Leaders in September 2013, 11 peer review reports have been published, containing 61 new recommendations (11 for Phase 1 and 50 for Phase 2 aspects). These are:

- Two Phase 1 reports (Kenya and Nigeria),
- Nine stand-alone Phase 2 reports (Bahrain, Cyprus, Estonia, Hong Kong, China; Jamaica, Macao, China; Philippines, The Seychelles, and Turks and Caicos Islands).

38. To date, the Global Forum has completed 124 reviews which include 74 Phase 1, 26 Combined (Phase 1+2) and 24 Phase 2 reviews. Eighteen Supplementary reviews<sup>10</sup> – publicly recognising the improvements made by jurisdictions – have also been issued. Overall, 100 jurisdictions have completed Phase 1 reviews, while 50 jurisdictions have completed both Phase 1 and Phase 2 reviews and have now received ratings (see the complete list of adopted reports in Annex 1).



39. The Global Forum is on track to complete its remaining peer reviews. A revised Schedule of Reviews has also been adopted that sets dates for the Phase 1 reviews of all new members, including a number of developing countries, and Phase 2 reviews for a number of recent members of the Global Forum (see Annex 3 for the current Schedule of Peer Reviews).

### *The assignment of the ratings*

40. The assignment of ratings is a crucial part of the peer review process that was established in 2009. In particular, the issuance of an overall rating achieves both the recognition of progress by jurisdictions toward the implementation of the international standard, and the identification of jurisdictions that are not in step with the international consensus. Nonetheless, in order to act as an incentive for jurisdictions to respond to ratings given by the Global Forum, the peer reviews mechanism remains a dynamic process, which allows for improvements to be publicly recognized in supplementary reviews.

<sup>10</sup> A supplementary report is a report that can be initiated after Phase 1 or after Phase 2 (which includes the rating of the jurisdiction) to take into account changes in legislation or in practice that are likely to result in an upgrade in a determination to “in place” or a rating to “compliant”. This allows a jurisdiction to improve a determination or move to Phase 2, in the case of a post-Phase 1 supplementary report, or improve its rating in the case of a post-Phase 2 supplementary report.

41. At its Jakarta meeting in November 2013, the Global Forum assigned the ratings for the first 50 jurisdictions that have already completed their Phase 1 and Phase 2 reviews. This includes ratings for each of the essential elements as well as an overall rating for each jurisdiction.

42. As the ratings exercise required some comparative perspective that enabled consistency across peer review reports, the first ratings were assigned altogether after a representative subset of jurisdictions had been reviewed. The 50 jurisdictions that received the ratings represent a good geographic mix of jurisdictions, as well as a combination of large and small, developed and developing jurisdictions, and also jurisdictions at different levels of experience of exchange of information.

43. In order that the ratings exercise ensures a comprehensive and fair approach, the Global Forum put in place a special procedure. A team of expert assessors, selected for their expertise and representing a cross-section of Global Forum members, was formed to look at the 50 reports altogether and propose the initial ratings. These proposed ratings were submitted to the Peer Review Group for approval and were then adopted by Global Forum members. A revised methodology, which is designed to recognise progress following a Phase 2 review, and provides an opportunity to jurisdictions to report implementation of recommendations made in the peer review reports and request an upgrade of an individual element or overall rating has also been adopted.

44. The 50 jurisdictions received ratings for each individual element of the Terms of Reference as well as an overall rating. The respective overall rating for each jurisdiction is presented in the table below. The ratings for each individual element are included in Annex 2 to this report.

45. It should be noted that some jurisdictions (see table “Jurisdictions unable to move to Phase 2”) could not receive ratings because their Phase 2 reviews could not take place. The Phase 1 reviews of 13 jurisdictions determined that the legal and regulatory framework for exchange of information (EOI) of these jurisdictions presented serious deficiencies that prevented them from moving to Phase 2 until they act on the recommendations made. Additionally, the Phase 2 review of one jurisdiction is still subject to conditions. Of the jurisdictions not moving to Phase 2, all jurisdictions except Nauru and Vanuatu have submitted follow-up reports<sup>11</sup> on the progress they have made in implementing changes to address the recommendations made in their reports.

46. Supplementary reports have already been launched in respect of Botswana, Panama and the United Arab Emirates to assess the ability of these jurisdictions to move to Phase 2. Switzerland has made a request for a supplementary report.

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<sup>11</sup> Follow-up reports are detailed written reports by a jurisdiction to the PRG of the steps it has taken or has planned to take to implement recommendations made in a peer review report. Unlike supplementary reports, they are not peer-reviewed.

**Table 1. Overall ratings for jurisdictions for whom Phase 2 reviews have been completed**

| <b>Jurisdictions</b>     | <b>Overall Ratings</b> |
|--------------------------|------------------------|
| Argentina                | Largely Compliant      |
| Australia                | Compliant              |
| Austria                  | Partially Compliant    |
| The Bahamas              | Largely Compliant      |
| Bahrain                  | Largely Compliant      |
| Belgium                  | Compliant              |
| Bermuda                  | Largely Compliant      |
| Brazil                   | Largely Compliant      |
| Canada                   | Compliant              |
| Cayman Islands           | Largely Compliant      |
| China                    | Compliant              |
| Cyprus                   | Non-Compliant          |
| Denmark                  | Compliant              |
| Estonia                  | Largely Compliant      |
| Finland                  | Compliant              |
| France                   | Compliant              |
| Germany                  | Largely Compliant      |
| Greece                   | Largely Compliant      |
| Guernsey                 | Largely Compliant      |
| Hong Kong, China         | Largely Compliant      |
| Iceland                  | Compliant              |
| India                    | Compliant              |
| Ireland                  | Compliant              |
| Isle of Man              | Compliant              |
| Italy                    | Largely Compliant      |
| Jamaica                  | Largely Compliant      |
| Japan                    | Compliant              |
| Jersey                   | Largely Compliant      |
| Korea                    | Compliant              |
| Luxembourg               | Non-Compliant          |
| Macao, China             | Largely Compliant      |
| Malta                    | Largely Compliant      |
| Mauritius                | Largely Compliant      |
| Monaco                   | Largely Compliant      |
| Netherlands              | Largely Compliant      |
| New Zealand              | Compliant              |
| Norway                   | Compliant              |
| Philippines              | Largely Compliant      |
| Qatar                    | Largely Compliant      |
| San Marino               | Largely Compliant      |
| Seychelles               | Non-Compliant          |
| Singapore                | Largely Compliant      |
| South Africa             | Compliant              |
| Spain                    | Compliant              |
| Sweden                   | Compliant              |
| Turkey                   | Partially Compliant    |
| Turks and Caicos Islands | Largely Compliant      |
| United Kingdom           | Largely Compliant      |
| United States            | Largely Compliant      |
| Virgin Islands (British) | Non-Compliant          |

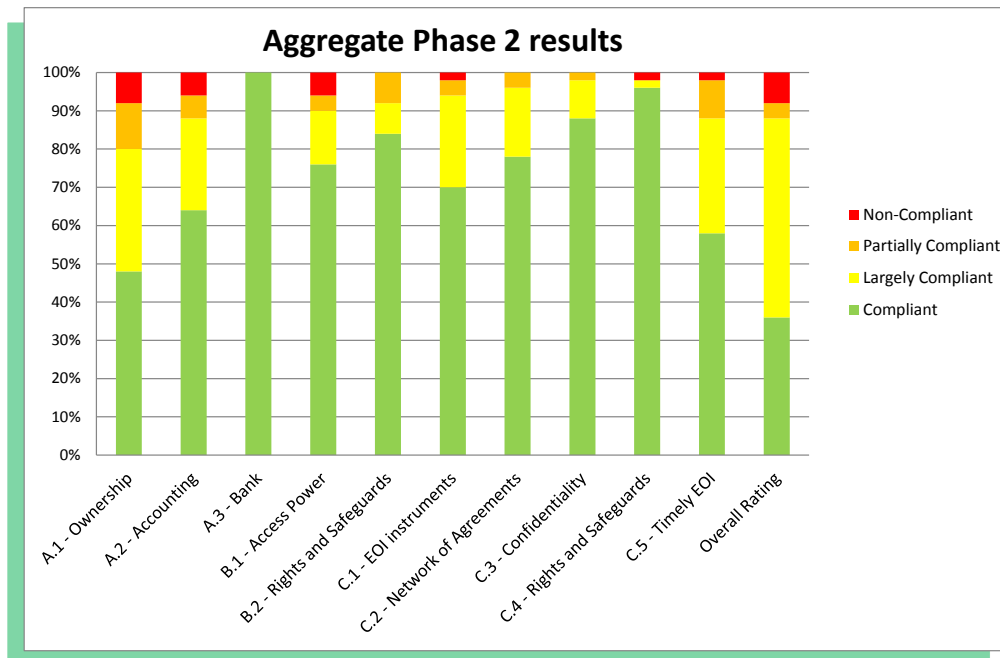


**Jurisdictions that cannot move to Phase 2 review until they act on the recommendations to improve their legal and regulatory framework**

|                  |                      |
|------------------|----------------------|
| Botswana         | Nauru                |
| Brunei           | Niue                 |
| Dominica         | Panama               |
| Guatemala        | Switzerland*         |
| Lebanon          | Trinidad and Tobago  |
| Liberia          | United Arab Emirates |
| Marshall Islands | Vanuatu              |

\* The Phase 2 of Switzerland is subject to conditions.

47. The table below shows the aggregate results of ratings of the ten essential elements of the Terms of Reference, as well as of the overall rating.



48. The table shows that jurisdictions' compliance with the international standard is generally high in all elements. Jurisdictions received a compliant or largely compliant rating in a majority of cases. Availability of banking information (A.3) and rights and safeguards in exchange of information agreements (C.3) stand out with 100% and 95% of the rated jurisdictions respectively received a fully compliant rating. The only element where less than 50% of the rated jurisdictions scored a fully compliant rating is A.1, availability of ownership information, where nonetheless at least 80% of the jurisdictions received a rating of largely compliant. In C.5, timely exchange of information, a fully compliant rating was assigned to almost 60% of the jurisdictions.

49. All Phase 2 peer reviews will now be systematically accompanied with an assignment of ratings. This will be a key focus of the Peer Review Group in 2014. A total of 22 Phase 2 reviews are scheduled for 2014 together with the 16 Phase 1 reviews of jurisdictions that recently joined the Global Forum. A number of supplementary reviews will also be considered as jurisdictions work to address the recommendations already made by the Global Forum in their Phase 1 and Phase 2 reports.

## **B. Answering the G20's call: Beyond Phase 2**

50. The landscape for international co-operation in tax matters has changed significantly since 2009 when the Global Forum was restructured. The G20 Finance Ministers and Central Bank Governors already signalled an increased emphasis on transparency issues in their communiqués of April and July 2013, including the monitoring on a continuous basis of the progress made by jurisdictions in implementing the current standard, a renewed focus on automatic exchange of information, and concerns regarding the opacity of legal persons and legal arrangements, and the importance of ensuring the availability of beneficial ownership information, which is also relevant for tax purposes.

51. In September 2013, the G20 Leaders, among other things:

- Encouraged the Global Forum to complete the allocation of comprehensive country ratings regarding the effective implementation of information exchange upon request and ensure that the implementation of the standards are monitored on a continuous basis.
- Invited the Global Forum to draw on the work of the FATF with respect to beneficial ownership.

52. In the context of automatic exchange of information (AEOI) the Leaders stated:

- We are committed to automatic exchange of information as the new global standard... (and) we look forward to the practical and full implementation of the new standard on a global scale.
- We also ask the Global Forum to establish a mechanism to monitor and review the implementation of the new global standard on automatic exchange of information.
- We call on the Development Working Group in conjunction with the Finance Track, to work with the OECD, the Global Forum and other IOs to develop a roadmap showing how developing countries can overcome obstacles to participation in the emerging new standard in automatic exchange of information, and to assist them in meeting the standard in accordance with the action envisaged in the St Petersburg Development Outlook.

53. At its plenary meeting in Jakarta in November 2013 the Global Forum considered how to answer the calls from the G20 and member jurisdictions and coordinate its future direction, both in the context of the on-going work on EOI on request and AEOI.

### ***Refining the work on EOI on request: Phase 3 and a Review of the Terms of Reference***

54. On-going monitoring is a fundamental aspect of the Global Forum's existing mandate and is a key feature of its methodology. Jurisdictions provide follow-up reports to inform the Global Forum on what actions they have taken to respond to recommendations made, and a supplementary review procedure is in place to make sure that actions to improve transparency are recognised quickly. A supplementary review can also be initiated where there is an indication that a jurisdiction is backtracking from its commitment to the standards.

55. It was agreed, in Jakarta that a continued role for the Global Forum was necessary to ensure that jurisdictions continue to implement the international standards on exchange of information even after the completion of the Phase 2 review process. In recognition of the need to ensure a continuous monitoring it was also agreed that a Phase 3 review would be initiated in 2016 following the completion of the existing

Schedule of Reviews. Prior to commencing this new phase of reviews, it would examine the existing Terms of Reference in light of the experience gained from the peer reviews, and in light of international developments.

56. To this end, the Global Forum mandated its Peer Review Group to examine the *Terms of Reference* to keep up with developments in the transparency world, including as regards beneficial ownership, for which it will draw on the work of the Financial Action Task Force, as well as reflecting lessons learned from the Phase 1 and Phase 2 reviews and to submit substantive proposals for discussion and adoption by the Global Forum at its plenary meeting in 2014.

#### ***Taking up automatic exchange of information: An AEOI group***

57. In recognition of the evolution of the exchange of information environment, and emergence of AEOI as a new global standard that supports and enhances exchange on request, the Global Forum established a new voluntary AEOI Group comprising members who wish to come together to work towards a common goal of engaging in AEOI. The main responsibilities of the AEOI Group will be to propose terms of reference and a methodology for monitoring AEOI on a going-forward basis, building on the expertise developed at the OECD level, establishing a set of criteria to determine when it would be appropriate for jurisdictions to implement AEOI having regard, in particular to capacity constraints, resource limitations and the need to ensure confidentiality and the proper use of information exchanged, and helping developing countries identify their needs for technical assistance and capacity building before engaging in AEOI. The group will work in close co-operation with the OECD, the World Bank Group and the G20 Development Working Group.

58. The AEOI Group will be chaired by Italy, assisted by four Vice-Chairs. The first meeting of the group is expected to take place in March 2014. The Group will report back to the Global Forum plenary on its activities on a regular basis and decisions will continue to be made by the Global Forum.

#### ***Supporting effective exchange of information with technical assistance and cooperation***

59. The Global Forum provides technical assistance in order to help members quickly implement the international standards of transparency and exchange of information. This includes assessor training and regional seminars, a technical assistance coordination platform, and advisory and in-depth assistance to member countries.

60. Almost all of the technical assistance activities undertaken by the Global Forum are collaborative efforts between the Global Forum Secretariat and member jurisdictions or other international organisations. This collaboration has been central to the Global Forum's technical assistance activities since the start but it has intensified over the last year. It is now part of the fabric of the Global Forum's training programmes and technical assistance work. An example of this is "The Last Mile" training seminar which was held in the Philippines in September, with financial support from Japan, and in collaboration with the Asian Development Bank, the World Bank, the Philippines Bureau of Internal Revenue and trainers from India, Japan, Korea and Singapore. The seminar was initially developed in cooperation with, and trialled in, India and is designed to sensitise tax auditors to the potential of international tax cooperation. Since 2009, the Global Forum has held 18 training seminars which were attended by more than 600 participants from over 80 jurisdictions.

61. Since September 2013, two large technical assistance projects intended to help foster EOI skills and experience as well as developing the legal infrastructure for transparency and exchange of information in Kenya and Ghana have been successfully completed. These projects were funded by the UK's Department for International Development (DfID). In November 2013, the Global Forum welcomed the

announcement of a further substantial contribution from the UK's DfID to fund an expansion of its technical assistance activities for its members.

62. To foster closer cooperation among member jurisdictions, the Global Forum has organised two meetings of Competent Authorities (Madrid in May 2012 and Amsterdam in May 2013). The meetings saw 373 delegates from 97 jurisdictions and 6 international organisations attending and sharing their experience on ways to improve communication between competent authorities and develop measures to overcome practical impediments to effective exchange of information. In this respect, the Global Forum has launched a Competent Authority database which includes contact details of more than 90 jurisdictions and developed other tools to assist competent authorities in their work.

### C. Measuring the impact of the work of the Global Forum

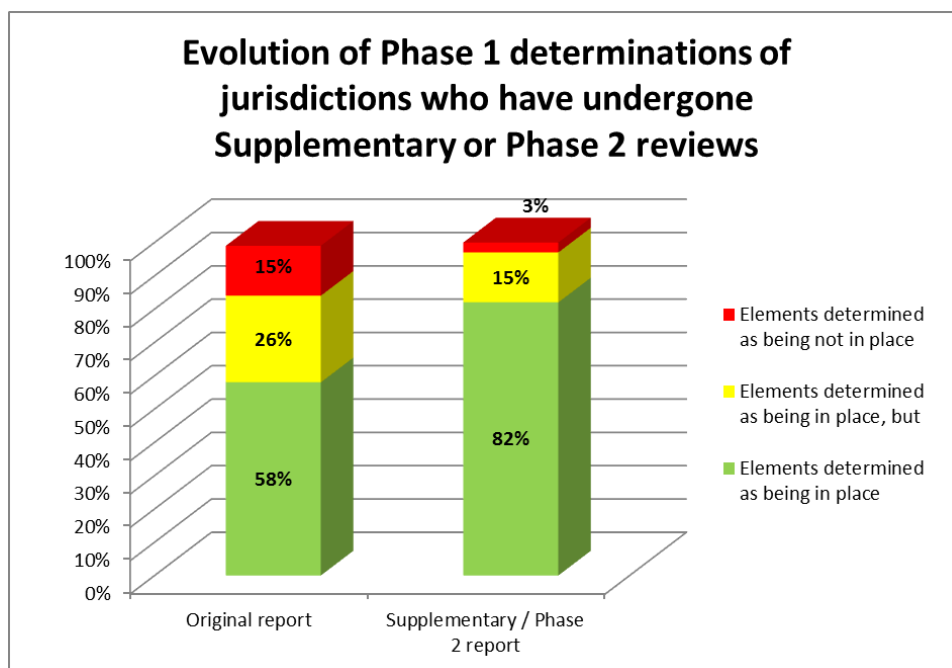
63. The mandate of the Global Forum was established at the plenary meeting in Mexico in 2009. Members agreed that the Global Forum should operate under a three-year mandate aimed at ensuring a rapid and effective global implementation of the standards of transparency and exchange of information for tax purposes through in-depth monitoring and peer review. The mandate was renewed for another three years at the end of 2012. The table below outlines some of the accomplishments since then.

| Mandate  | Achievements   |
|--|--|
| <ul style="list-style-type: none"> <li><b>Mission</b><br/><b>Implement the international standard through two phases of peer review process.</b></li> </ul>  | <ul style="list-style-type: none"> <li>The Global Forum has published 124 peer review reports, of which 74 are Phase 1, 24 Phase 2, and 26 Combined review reports.</li> <li>100 jurisdictions have been reviewed, 50 of which have completed Phase 1 and Phase 2 reviews. 818 recommendations to implement the standard have been issued.</li> <li>More than 1200 bilateral agreements have been signed which allow for the exchange of information to the standard. Around 80 % of the agreements which have been signed up to December 2012 are already in force.</li> <li>18 Supplementary reports have been completed showing that 78 recommendations have been fully addressed, and 49 determinations have been upgraded.</li> <li>85 jurisdictions have provided follow up reports introducing or proposing changes to their laws to implement more than 400 recommendations</li> </ul> |
| <ul style="list-style-type: none"> <li><b>Participation</b><br/><b>Invite any jurisdictions which are eager to benefit from the work of the Global Forum or relevant jurisdictions to maintain a level playing field.</b></li> </ul> | <ul style="list-style-type: none"> <li>The Global Forum is now the largest international tax group in the world with 121 members and many more continue to join.</li> <li>12 international organisations are observers to the Global Forum.</li> </ul>   |
| <ul style="list-style-type: none"> <li><b>Governance</b><br/><b>Plenary of the Global Forum is the only decision making body, and it is assisted by a Steering Group (SG) and a Peer Review Group (PRG).</b></li> </ul>              | <ul style="list-style-type: none"> <li>The Global Forum has held 6 plenary meetings attended by more than 1700 delegates.</li> </ul>   |

64. The core mission of the Global Forum is the implementation of the international standard through a two-phased peer review process. The peer review process involves a mix of formal recommendations in

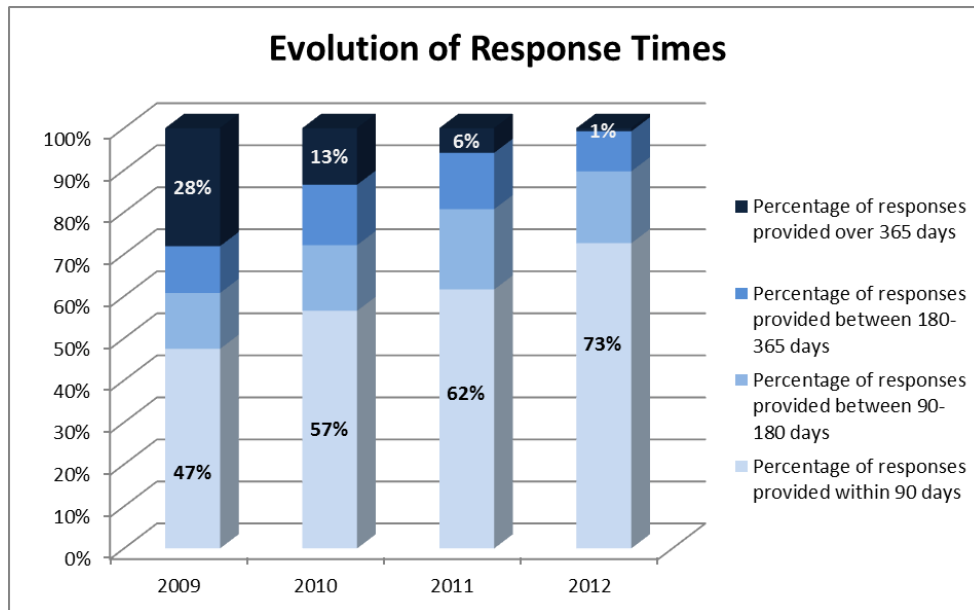
the peer review reports and informal dialogue by the peer jurisdictions, public scrutiny, and the impact on all of the above on domestic public opinion, national administration and policy makers. While the ultimate goal of the peer review process is to help jurisdictions to effectively implement the international standard, peer reviews also acknowledge the status of implementation of that standard by jurisdictions. The peer review mechanism is a dynamic process, which allows for public recognition of any significant improvement made by jurisdictions. Overall, the Global Forum has issued 818 recommendations to improve the legal framework or the practical implementation of the framework for transparency and exchange of information.

65. The work of the Global Forum has had a substantial impact on the implementation of the standard. Jurisdictions are following-up on the Global Forum recommendations. A significant number of jurisdictions have improved their legislation to ensure the availability of accounting and ownership information, including abolishing or immobilising bearer shares. Jurisdictions have also acted on improving access powers to information under domestic laws, including by improving their access to bank information for EOI purposes, and have improved EOI procedures or strengthened EOI units for timely EOI. Overall, out of the 818 recommendations made, information gathered from supplementary reports and follow up reports shows that **85 jurisdictions** have already introduced or proposed changes to their laws to implement more than **400 recommendations**. In addition, **18 Supplementary reviews** have been issued publicly recognising the improvements made by jurisdictions. Following these Supplementary reviews and the Phase 2 reviews published so far (which also re-evaluate the legal and regulatory framework where any change occurred), the number of elements determined to be fully “in place” rose from 163 to 229, with only 3% of elements assessed “not in place”.

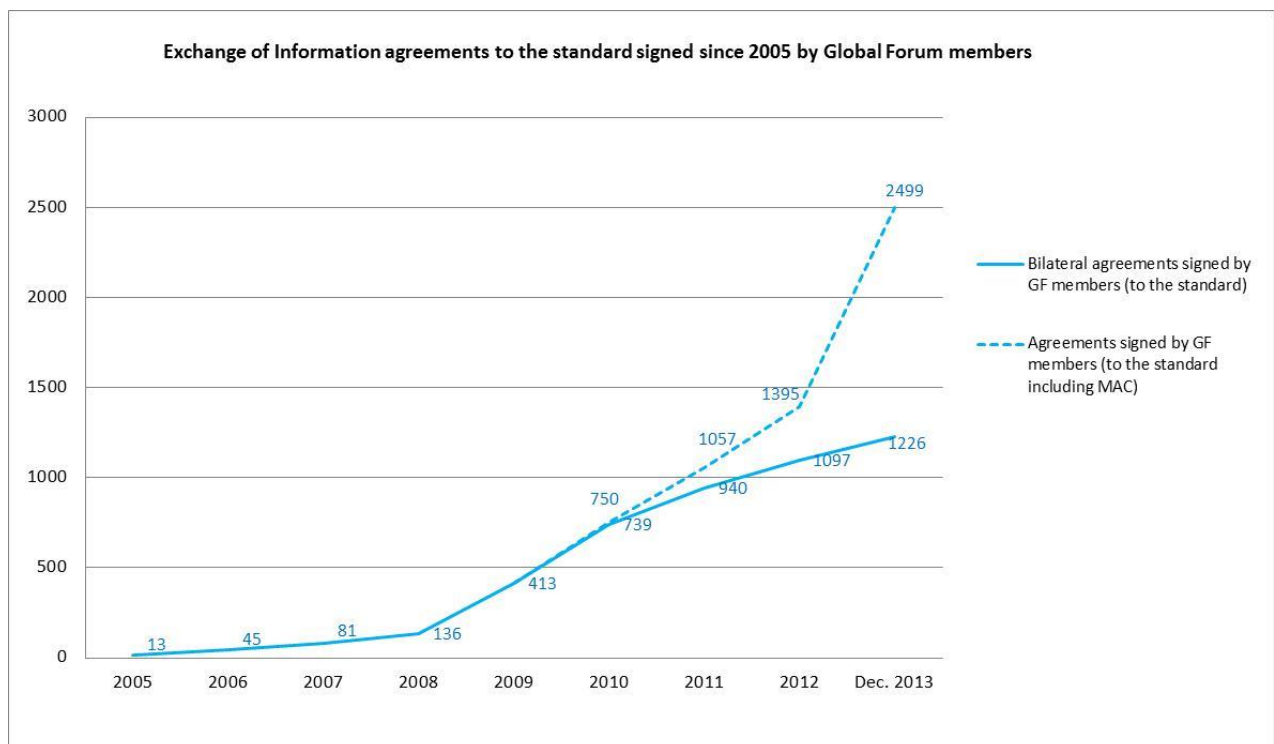


66. These changes to legislation and practices of exchange of information are having a real impact on cross-border tax co-operation. Timeliness in responding to EOI requests for example is essential to ensure that a request is properly answered to in a timeframe useful for the requesting jurisdiction. Data available to the Global Forum show that over the past years, timeliness of response to EOI requests has improved remarkably. Taking a sample of 22 jurisdictions for which comparative data were available from 2009-2012, the number of requests responded to **in less than 90 days** rose from **47%** to **73%** in four years, while the percentage of responses which took more than a year decreased from **28%** to **1%** over the same

time. Jurisdictions have also reported that the quality of responses is improving. This reflects the increased resources that jurisdictions are now dedicating to EOI, better communications between competent authorities, and improved mechanisms that have been put in place in many jurisdictions.



67. The international network of EOI has also expanded greatly over the past years. The chart below shows that since 2005 members of the Global Forum have signed more than 1200 bilateral agreements, to the standard, based on the updated Article 26 of the OECD Model Tax Convention (which was updated in 2005). Around 80 % of the agreements which have been signed up to December 2012 are already in force.



68. In addition to these figures, the number of EOI relationships has also increased thanks to the growing number of jurisdictions who joined and ratified the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) and other regional multilateral instruments being signed. In terms of effectiveness of the EOI network it has been seen that where the agreements are used, they are effective in countering tax evasion. For example, Nordic countries have reported voluntary disclosure of EUR 200 million after having signed TIEAs worldwide. About EUR 75 million in tax revenue has been recovered thanks to EOI requests on the basis of these TIEAs. Overall the capital financial flow to Sweden in the years 2011-2012 reached EUR 1.4 billion.

69. The larger network of EOI agreements, together with a stronger framework for EOI in many jurisdictions, has increased the number of EOI requests sent by member jurisdictions. Overall, the peer reviews indicate that jurisdictions, including jurisdictions that are new to exchange of information, have seen the number of EOI requests received significantly increased. Other jurisdictions have also recently started sending EOI requests extensively. For example, considering a sample of 23 jurisdictions for which comparable data are available, the number of EOI requests received has increased by 81% from 2009 to 2012. This figure is even more pronounced for those jurisdictions that have smaller volumes of requests. Those jurisdictions with fewer than 100 requests in the first year of review saw an average increase of almost 267% over the three years (sample of 16 jurisdictions). With the network of agreements in force constantly expanding, the trend of increasing numbers of requests is likely to continue.

70. These are significant outcomes of the work the Global Forum has been doing which demonstrate the very practical impact its work is having. As a result of these improvements, exchange of information on request is becoming a much more effective tool as changes in member jurisdictions' transparency and EOI laws, systems and organisations are reflected in an improved service to treaty partners. More EOI requests are sent, and these are responded to in a more timely fashion, and the quality of responses is improving.

**ANNEX 1: PEER REVIEW REPORTS ADOPTED AND PUBLISHED**

|    | <b>Jurisdiction</b> | <b>Type of review</b>          | <b>Publication date</b> |
|----|---------------------|--------------------------------|-------------------------|
| 1  | Andorra             | Phase 1                        | 12 September 2011       |
| 2  | Anguilla            | Phase 1                        | 12 September 2011       |
| 3  | Antigua and Barbuda | Phase 1                        | 12 September 2011       |
|    |                     | Supplementary                  | 20 June 2012            |
| 4  | Argentina           | Combined (Phase 1 and Phase 2) | 27 October 2012         |
| 5  | Aruba               | Phase 1                        | 14 April 2011           |
| 6  | Australia           | Combined (Phase 1 and Phase 2) | 28 January 2011         |
| 7  | Austria             | Phase 1                        | 12 September 2011       |
|    |                     | Phase 2                        | 31 July 2013            |
| 8  | The Bahamas         | Phase 1                        | 14 April 2011           |
|    |                     | Phase 2                        | 31 July 2013            |
| 9  | Bahrain             | Phase 1                        | 12 September 2011       |
|    |                     | Phase 2                        | 22 November 2013        |
| 10 | Barbados            | Phase 1                        | 28 January 2011         |
|    |                     | Supplementary                  | 5 April 2012            |
| 11 | Belgium             | Phase 1                        | 14 April 2011           |
|    |                     | Supplementary                  | 12 September 2011       |
|    |                     | Phase 2                        | 11 April 2013           |
| 12 | Belize              | Phase 1                        | 11 April 2013           |
| 13 | Bermuda             | Phase 1                        | 30 September 2010       |
|    |                     | Supplementary                  | 5 April 2012            |
|    |                     | Phase 2                        | 31 July 2013            |
| 14 | Botswana            | Phase 1                        | 30 September 2010       |
| 15 | Brazil              | Phase 1                        | 5 April 2012            |
|    |                     | Phase 2                        | 31 July 2013            |
| 16 | Brunei Darussalam   | Phase 1                        | 26 October 2011         |
| 17 | Canada              | Combined (Phase 1 and Phase 2) | 14 April 2011           |
| 18 | The Cayman Islands  | Phase 1                        | 30 September 2010       |
|    |                     | Supplementary                  | 12 September 2011       |
|    |                     | Phase 2                        | 11 April 2013           |



|    | Jurisdiction                              | Type of review                 | Publication date  |
|----|---|--------------------------------|-------------------|
| 19 | Chile                                     | Phase 1                        | 5 April 2012      |
| 20 | China                                     | Combined (Phase 1 and Phase 2) | 20 June 2012      |
| 21 | Cook Islands                              | Phase 1                        | 20 June 2012      |
| 22 | Costa Rica                                | Phase 1                        | 5 April 2012      |
| 23 | Curacao                                   | Phase 1                        | 12 September 2011 |
| 24 | Cyprus <sup>12 13</sup>                   | Phase 1                        | 5 April 2012      |
|    |   | Phase 2                        | 22 November 2013  |
| 25 | Czech Republic                            | Phase 1                        | 5 April 2012      |
| 26 | Denmark                                   | Combined (Phase 1 and Phase 2) | 28 January 2011   |
| 27 | Dominica                                  | Phase 1                        | 27 October 2012   |
| 28 | Estonia                                   | Phase 1                        | 14 April 2011     |
|    |   | Supplementary                  | 20 June 2012      |
|    |   | Phase 2                        | 22 November 2013  |
| 29 | Finland                                   | Combined (Phase 1 and Phase 2) | 11 April 2013     |
| 30 | The Former Yugoslav Republic of Macedonia | Phase 1                        | 26 October 2011   |
| 31 | France                                    | Combined (Phase 1 and Phase 2) | 1 June 2011       |
| 32 | Germany                                   | Combined (Phase 1 and Phase 2) | 14 April 2011     |
| 33 | Ghana                                     | Phase 1                        | 14 April 2011     |
| 34 | Gibraltar                                 | Phase 1                        | 26 October 2011   |
| 35 | Greece                                    | Combined (Phase 1 and Phase 2) | 20 June 2012      |
| 36 | Grenada                                   | Phase 1                        | 20 June 2012      |
| 37 | Guatemala                                 | Phase 1                        | 5 April 2012      |
| 38 | Guernsey                                  | Phase 1                        | 28 January 2011   |
|    |   | Phase 2                        | 11 April 2013     |
| 39 | Hong Kong, China                          | Phase 1                        | 26 October 2011   |

<sup>12</sup> Note by Turkey: 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. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

<sup>13</sup> Note by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

|    | Jurisdiction       | Type of review                 | Publication date  |
|----|--------------------|--------------------------------|-------------------|
|    |                    | Phase 2                        | 22 November 2013  |
| 40 | Hungary            | Phase 1                        | 1 June 2011       |
| 41 | Iceland            | Combined (Phase 1 and Phase 2) | 11 April 2013     |
| 42 | India              | Phase 1                        | 30 September 2010 |
|    |                    | Phase 2                        | 31 July 2013      |
| 43 | Indonesia          | Phase 1                        | 26 October 2011   |
| 44 | Ireland            | Combined (Phase 1 and Phase 2) | 28 January 2011   |
| 45 | Israel             | Phase 1                        | 31 July 2013      |
| 46 | The Isle of Man    | Combined (Phase 1 and Phase 2) | 1 June 2011       |
| 47 | Italy              | Combined (Phase 1 and Phase 2) | 1 June 2011       |
| 48 | Jamaica            | Phase 1                        | 30 September 2010 |
|    |                    | Phase 2                        | 22 November 2013  |
| 49 | Japan              | Combined (Phase 1 and Phase 2) | 26 October 2011   |
| 50 | Jersey             | Combined (Phase 1 and Phase 2) | 26 October 2011   |
| 51 | Kenya              | Phase 1                        | 22 November 2013  |
| 52 | Korea, Republic of | Combined (Phase 1 and Phase 2) | 5 April 2012      |
| 53 | Lebanon            | Phase 1                        | 20 June 2012      |
| 54 | Liberia            | Phase 1                        | 20 June 2012      |
| 55 | Liechtenstein      | Phase 1                        | 12 September 2011 |
|    |                    | Supplementary                  | 27 October 2012   |
| 56 | Lithuania          | Phase 1                        | 31 July 2013      |
| 57 | Luxembourg         | Phase 1                        | 12 September 2011 |
|    |                    | Phase 2                        | 31 July 2013      |
| 58 | Macao, China       | Phase 1                        | 26 October 2011   |
|    |                    | Phase 2                        | 22 November 2013  |
| 59 | Malaysia           | Phase 1                        | 26 October 2011   |
| 60 | Malta              | Phase 1                        | 5 April 2012      |
|    |                    | Phase 2                        | 31 July 2013      |
| 61 | Marshall Islands   | Phase 1                        | 27 October 2012   |
| 62 | Mauritius          | Combined (Phase 1 and Phase 2) | 28 January 2011   |
|    |                    | Supplementary                  | 26 October 2011   |
| 63 | Mexico             | Phase 1                        | 5 April 2012      |
| 64 | Monaco             | Phase 1                        | 30 September 2010 |

|    | Jurisdiction                     | Type of review                 | Publication date  |
|----|----------------------------------|--------------------------------|-------------------|
|    |                                  | Supplementary                  | 26 October 2011   |
|    |                                  | Supplementary                  | 27 October 2012   |
|    |                                  | Phase 2                        | 31 July 2013      |
| 65 | Montserrat                       | Phase 1                        | 20 June 2012      |
| 66 | Nauru                            | Phase 1                        | 11 April 2013     |
| 67 | The Netherlands                  | Combined (Phase 1 and Phase 2) | 26 October 2011   |
| 68 | New Zealand                      | Combined (Phase 1 and Phase 2) | 1 June 2011       |
| 69 | Nigeria                          | Phase 1                        | 22 November 2013  |
| 70 | Niue                             | Phase 1                        | 27 October 2012   |
| 71 | Norway                           | Combined (Phase 1 and Phase 2) | 28 January 2011   |
| 72 | Panama                           | Phase 1                        | 30 September 2010 |
| 73 | The Philippines                  | Phase 1                        | 1 June 2011       |
|    |                                  | Phase 2                        | 22 November 2013  |
| 74 | Poland                           | Phase 1                        | 11 April 2013     |
| 75 | Portugal                         | Phase 1                        | 11 April 2013     |
| 76 | Qatar                            | Phase 1                        | 30 September 2010 |
|    |                                  | Supplementary                  | 5 April 2012      |
|    |                                  | Phase 2                        | 31 July 2013      |
| 77 | Russia                           | Phase 1                        | 27 October 2012   |
| 78 | Samoa                            | Phase 1                        | 27 October 2012   |
| 79 | Saint Kitts and Nevis            | Phase 1                        | 12 September 2011 |
| 80 | Saint Lucia                      | Phase 1                        | 20 June 2012      |
| 81 | Saint Vincent and the Grenadines | Phase 1                        | 5 April 2012      |
| 82 | San Marino                       | Phase 1                        | 28 January 2011   |
|    |                                  | Supplementary                  | 26 October 2011   |
|    |                                  | Phase 2                        | 31 July 2013      |
| 83 | The Seychelles                   | Phase 1                        | 28 January 2011   |
|    |                                  | Supplementary                  | 20 June 2012      |
|    |                                  | Phase 2                        | 22 November 2013  |
| 84 | Singapore                        | Phase 1                        | 1 June 2011       |
|    |                                  | Phase 2                        | 11 April 2013     |
| 85 | Sint Maarten                     | Phase 1                        | 27 October 2012   |
| 86 | Slovakia                         | Phase 1                        | 5 April 2012      |

|     | Jurisdiction                 | Type of review                 | Publication date  |
|-----|------------------------------|--------------------------------|-------------------|
| 87  | Slovenia                     | Phase 1                        | 27 October 2012   |
| 88  | South Africa                 | Combined (Phase 1 and Phase 2) | 27 October 2012   |
| 89  | Spain                        | Combined (Phase 1 and Phase 2) | 26 October 2011   |
| 90  | Sweden                       | Combined (Phase 1 and Phase 2) | 11 April 2013     |
| 91  | Switzerland                  | Phase 1                        | 1 June 2011       |
| 92  | Trinidad and Tobago          | Phase 1                        | 28 January 2011   |
| 93  | Turkey                       | Combined (Phase 1 and Phase 2) | 11 April 2013     |
| 94  | The Turks and Caicos Islands | Phase 1                        | 12 September 2011 |
|     |                              | Supplementary                  | 26 October 2011   |
|     |                              | Phase 2                        | 22 November 2013  |
| 95  | United Arab Emirates         | Phase 1                        | 20 June 2012      |
| 96  | The United Kingdom           | Combined (Phase 1 and Phase 2) | 12 September 2011 |
|     |                              | Supplementary                  | 11 April 2013     |
| 97  | The United States            | Combined (Phase 1 and Phase 2) | 1 June 2011       |
| 98  | Uruguay                      | Phase 1                        | 26 October 2011   |
|     |                              | Supplementary                  | 27 October 2012   |
| 99  | Vanuatu                      | Phase 1                        | 26 October 2011   |
| 100 | The Virgin Islands (British) | Phase 1                        | 12 September 2011 |
|     |                              | Supplementary                  | 26 October 2011   |
|     |                              | Phase 2                        | 31 July 2013      |

## ANNEX 2: PHASE 1 AND PHASE 2 REVIEWS

**Table 1: Jurisdictions that have undergone only Phase 1 Reviews**

|    | Jurisdiction        | Type of Review          | Availability of Information |                 |           | Access to Information |                            | Exchange of Information |                            |                      |                            |                 | Move to Phase 2 |
|----|---------------------|-------------------------|-----------------------------|-----------------|-----------|-----------------------|----------------------------|-------------------------|----------------------------|----------------------|----------------------------|-----------------|-----------------|
|    |                     |                         | A1 – Ownership              | A2 - Accounting | A3 – Bank | B1 – Access Power     | B2 – Rights and Safeguards | C1 – EOI instruments    | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI |                 |
| 1  | Andorra             | Phase 1                 | In place, but               | In place, but   | In place  | In place, but         | In place, but              | In place, but           | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 2  | Anguilla            | Phase 1                 | In place, but               | Not in place    | In place  | In place, but         | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 3  | Antigua and Barbuda | Phase 1 + Supplementary | In place                    | Not in place    | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 4  | Aruba               | Phase 1                 | In place, but               | In place        | In place  | In place, but         | In place, but              | In place, but           | In place, but              | In place             | In place                   | Not assessed    | Yes             |
| 5  | Barbados            | Phase 1 + Supplementary | In place, but               | In place, but   | In place  | In place, but         | In place                   | In place, but           | In place, but              | In place             | In place                   | Not assessed    | Yes             |
| 6  | Belize              | Phase 1                 | In place, but               | Not in place    | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 7  | Botswana            | Phase 1                 | In place, but               | In place, but   | In place  | Not in place          | In place                   | Not in place            | Not in place               | Not in place         | In place                   | Not assessed    | No              |
| 8  | Brunei              | Phase 1                 | Not in place                | Not in place    | In place  | Not in place          | In place                   | Not in place            | Not in place               | In place             | In place                   | Not assessed    | No              |
| 9  | Chile               | Phase 1                 | In place, but               | In place        | In place  | In place, but         | In place, but              | In place                | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 10 | Cook Islands        | Phase 1                 | In place, but               | Not in place    | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 11 | Costa Rica          | Phase 1 + Supplementary | Not in place                | In place, but   | In place  | In place              | In place                   | In place, but           | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 12 | Curacao             | Phase 1                 | In place, but               | In place        | In place  | In place              | In place, but              | In place, but           | In place                   | In place             | In place                   | Not assessed    | Yes             |
| 13 | Czech Republic      | Phase 1                 | Not in place                | In place        | In place  | In place, but         | In place                   | In place                | In place                   | In place             | In place, but              | Not assessed    | Yes             |
| 14 | Dominica            | Phase 1                 | In place, but               | Not in place    | In place  | Not in place          | In place                   | Not in place            | In place, but              | In place, but        | In place                   | Not assessed    | No              |

|    | Jurisdiction        | Type of Review          | A1 – Ownership        | A2 - Accounting        | A3 – Bank        | B1 – Access Power  | B2 – Rights and Safeguards | C1 – EOI instruments        | C2 – Network of Agreements | C3 – Confidentiality        | C4 – Rights and Safeguards | C5 – Timely EOI    | Move to Phase 2        |
|----|---------------------|-------------------------|-----------------------|------------------------|------------------|--------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|--------------------|------------------------|
| 15 | FYROM               | Phase 1                 | In place              | In place               | In place         | In place           | In place, but              | In place                    | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 16 | Ghana               | Phase 1                 | In place, but         | In place, but          | In place         | In place           | In place                   | In place, but               | In place, but              | In place                    | In place                   | Not assessed       | Yes                    |
| 17 | Gibraltar           | Phase 1                 | In place, but         | Not in place           | In place         | In place           | In place                   | In place                    | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 18 | Grenada             | Phase 1                 | In place, but         | Not in place           | In place         | In place, but      | In place                   | In place, but               | In place, but              | In place                    | In place                   | Not assessed       | Yes                    |
| 19 | Guatemala           | Phase 1                 | Not in place          | In place               | In place         | Not in place       | In place, but              | Not in place                | Not in place               | In place                    | In place                   | Not assessed       | No                     |
| 20 | Hungary             | Phase 1                 | Not in place          | In place, but          | In place         | In place, but      | In place, but              | In place, but               | In place                   | In place                    | In place, but              | Not assessed       | Yes                    |
| 21 | Indonesia           | Phase 1                 | In place, but         | In place, but          | In place         | Not in place       | In place                   | In place, but               | In place, but              | In place                    | In place                   | Not assessed       | Yes                    |
| 22 | Israel              | Phase 1                 | Not in place          | In place, but          | In place, but    | In place, but      | In place                   | In place, but               | In place, but              | In place                    | In place                   | Not assessed       | Yes                    |
| 23 | Kenya               | Phase 1                 | In place, but         | In place               | In place         | In place           | In place                   | In place, but               | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 24 | Lebanon             | Phase 1                 | Not in place          | In place, but          | In place         | Not in place       | In place                   | Not in place                | Not in place               | In place                    | In place                   | Not assessed       | No                     |
| 25 | Liberia             | Phase 1                 | Not in place          | Not in place           | In place         | In place           | In place                   | In place                    | In place                   | In place                    | In place                   | Not assessed       | No                     |
| 26 | Liechtenstein       | Phase 1 + Supplementary | Not in place          | In place               | In place         | In place           | In place, but              | In place, but               | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 27 | Lithuania           | Phase 1                 | In place              | In place               | In place         | In place           | In place                   | In place                    | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 28 | Malaysia            | Phase 1                 | In place, but         | In place, but          | In place         | In place, but      | In place                   | In place, but               | In place, but              | In place                    | In place                   | Not assessed       | Yes                    |
| 29 | Marshall Islands    | Phase 1                 | Not in place          | Not in place           | In place         | In place, but      | In place                   | In place, but               | In place                   | In place                    | In place                   | Not assessed       | No                     |
| 30 | Mexico              | Phase 1                 | In place, but         | In place, but          | In place         | In place           | In place                   | In place                    | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 31 | Montserrat          | Phase 1                 | In place, but         | Not in place           | In place         | In place           | In place                   | In place                    | In place                   | In place                    | In place                   | Not assessed       | Yes                    |
| 32 | Nauru               | Phase 1                 | Not in place          | Not in place           | In place         | Not in place       | Not assessed               | Not in place                | Not in place               | Not in place                | Not in place               | Not assessed       | No                     |
| 33 | Nigeria             | Phase 1                 | In place, but         | In place, but          | In place         | In place           | In place                   | In place, but               | In place, but              | In place                    | In place                   | Not assessed       | Yes                    |
|    | <b>Jurisdiction</b> | <b>Type of Review</b>   | <b>A1 – Ownership</b> | <b>A2 - Accounting</b> | <b>A3 – Bank</b> | <b>B1 – Access</b> | <b>B2 – Rights and</b>     | <b>C1 – EOI instruments</b> | <b>C2 – Network of</b>     | <b>C3 – Confidentiality</b> | <b>C4 – Rights and</b>     | <b>C5 – Timely</b> | <b>Move to Phase 2</b> |

|    |                                |                         |               |               |               | Power         | Safeguards    |               | Agreements    |               | Safeguards    | EOI          |             |
|----|--------------------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| 34 | Niue                           | Phase 1                 | In place, but | In place, but | In place      | In place      | In place      | Not in place  | In place, but | In place      | In place      | Not assessed | No          |
| 35 | Panama                         | Phase 1                 | Not in place  | Not in place  | In place      | Not in place  | In place      | Not in place  | Not in place  | In place      | In place, but | Not assessed | No          |
| 36 | Poland                         | Phase 1                 | Not in place  | In place      | In place      | In place      | In place      | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 37 | Portugal                       | Phase 1                 | In place, but | In place      | In place      | In place      | In place, but | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 38 | Russia                         | Phase 1                 | In place, but | In place      | In place, but | In place, but | In place      | In place, but | In place, but | In place, but | In place, but | Not assessed | Yes         |
| 39 | St. Kitts and Nevis            | Phase 1                 | In place      | In place, but | In place      | In place      | In place      | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 40 | St. Lucia                      | Phase 1                 | In place      | Not in place  | In place      | In place, but | In place      | In place, but | In place      | In place      | In place, but | Not assessed | Yes         |
| 41 | St. Vincent and the Grenadines | Phase 1                 | In place, but | Not in place  | In place      | In place      | In place      | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 42 | Samoa                          | Phase 1                 | In place, but | Not in place  | In place      | In place      | In place      | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 43 | St. Maarten                    | Phase 1                 | In place, but | In place      | In place      | In place      | In place, but | In place, but | In place, but | In place      | In place      | Not assessed | Yes         |
| 44 | Slovak Republic                | Phase 1                 | In place, but | In place      | In place      | In place, but | In place      | In place      | In place      | In place      | In place, but | Not assessed | Yes         |
| 45 | Slovenia                       | Phase 1                 | In place      | In place      | In place      | In place      | In place      | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 46 | Switzerland                    | Phase 1                 | Not in place  | In place      | In place      | In place, but | In place, but | Not in place  | In place, but | In place      | In place      | Not assessed | Conditional |
| 47 | Trinidad and Tobago            | Phase 1                 | In place, but | In place      | In place      | Not in place  | In place, but | Not in place  | Not in place  | In place      | In place      | Not assessed | No          |
| 48 | United Arab Emirates           | Phase 1                 | In place, but | Not in place  | In place      | Not in place  | In place      | Not in place  | In place, but | In place      | In place, but | Not assessed | No          |
| 49 | Uruguay                        | Phase 1 + Supplementary | In place, but | In place      | In place      | In place, but | In place, but | In place      | In place      | In place      | In place      | Not assessed | Yes         |
| 50 | Vanuatu                        | Phase 1                 | In place, but | Not in place  | In place      | Not in place  | Not assessed  | Not in place  | Not in place  | In place      | In place      | Not assessed | No          |

**Table 2: Jurisdictions that have undergone both Phase 1 and Phase 2 Reviews**

|   | Jurisdiction | Type of Review                    | Type of Evaluation    | Availability of Information |                     |           | Access to Information |                            | Exchange of Information |                            |                      |                            |                 | Overall Rating      |
|---|--------------|-----------------------------------|-----------------------|-----------------------------|---------------------|-----------|-----------------------|----------------------------|-------------------------|----------------------------|----------------------|----------------------------|-----------------|---------------------|
|   |              |                                   |                       | A1 – Ownership              | A2 - Accounting     | A3 – Bank | B1 – Access Power     | B2 – Rights and Safeguards | C1 – EOI instruments    | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI |                     |
| 1 | Argentina    | Combined                          | Phase 1 Determination | In place                    | In place            | In place  | In place              | In place                   | In place                | In place, but              | In place             | In place                   | Not assessed    | Largely Compliant   |
|   |              |                                   | Phase 2 Rating        | Compliant                   | Compliant           | Compliant | Compliant             | Compliant                  | Compliant               | Largely Compliant          | Compliant            | Compliant                  | Compliant       |                     |
| 2 | Australia    | Combined                          | Phase 1 Determination | In place                    | In place            | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Compliant           |
|   |              |                                   | Phase 2 Rating        | Compliant                   | Compliant           | Compliant | Compliant             | Compliant                  | Compliant               | Compliant                  | Compliant            | Compliant                  | Compliant       |                     |
| 3 | Austria      | Phase 1 + Phase 2                 | Phase 1 Determination | Not in place                | In place            | In place  | In place, but         | In place, but              | In place, but           | In place, but              | In place             | In place                   | Not assessed    | Partially Compliant |
|   |              |                                   | Phase 2 Rating        | Non-compliant               | Compliant           | Compliant | Partially Compliant   | Partially Compliant        | Partially Compliant     | Largely Compliant          | Largely Compliant    | Compliant                  | Compliant       |                     |
| 4 | The Bahamas  | Phase 1 + Phase 2                 | Phase 1 Determination | In place                    | In place            | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Largely Compliant   |
|   |              |                                   | Phase 2 Rating        | Largely Compliant           | Largely Compliant   | Compliant | Compliant             | Compliant                  | Compliant               | Compliant                  | Compliant            | Compliant                  | Compliant       |                     |
| 5 | Bahrain      | Phase 1 + Phase 2                 | Phase 1 Determination | In place                    | In place, but       | In place  | In place, but         | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Largely Compliant   |
|   |              |                                   | Phase 2 Rating        | Largely Compliant           | Partially Compliant | Compliant | Largely Compliant     | Compliant                  | Compliant               | Compliant                  | Compliant            | Compliant                  | Compliant       |                     |
| 6 | Belgium      | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place                    | In place            | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Compliant           |
|   |              |                                   | Phase 2 Rating        | Compliant                   | Compliant           | Compliant | Compliant             | Compliant                  | Largely Compliant       | Compliant                  | Compliant            | Compliant                  | Compliant       |                     |
| 7 | Bermuda      | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place                    | In place            | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Largely Compliant   |
|   |              |                                   | Phase 2 Rating        | Largely Compliant           | Largely Compliant   | Compliant | Compliant             | Compliant                  | Compliant               | Compliant                  | Largely Compliant    | Compliant                  | Compliant       |                     |
| 8 | Brazil       | Phase 1 + Phase 2                 | Phase 1 Determination | In place                    | In place            | In place  | In place              | In place, but              | In place, but           | In place                   | In place             | In place                   | Not assessed    | Largely Compliant   |
|   |              |                                   | Phase 2 Rating        | Compliant                   | Compliant           | Compliant | Compliant             | Partially Compliant        | Largely Compliant       | Compliant                  | Compliant            | Compliant                  | Compliant       |                     |
| 9 | Canada       | Combined                          | Phase 1 Determination | In place, but               | In place            | In place  | In place              | In place                   | In place                | In place                   | In place             | In place                   | Not assessed    | Compliant           |
|   |              |                                   | Phase 2 Rating        | Largely Compliant           | Compliant           | Compliant | Compliant             | Compliant                  | Compliant               | Compliant                  | Compliant            | Compliant                  | Compliant       |                     |



|    | Jurisdiction   | Type of Review                    | Type of Evaluation    | A1 – Ownership      | A2 – Accounting   | A3 – Bank | B1 – Access Power | B2 – Rights and Safeguards | C1 – EOI instruments | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI     | Overall Rating    |                   |
|----|----------------|-----------------------------------|-----------------------|---------------------|-------------------|-----------|-------------------|----------------------------|----------------------|----------------------------|----------------------|----------------------------|---------------------|-------------------|-------------------|
| 10 | Cayman Islands | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant |                   |
|    |                |                                   | Phase 2 Rating        | Largely Compliant   | Largely Compliant | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                   | Compliant         |
| 11 | China          | Combined                          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Compliant         |                   |
|    |                |                                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                   | Compliant         |
| 12 | Cyprus         | Phase 1 + Phase 2                 | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place, but              | In place             | In place                   | Not assessed        | Non-compliant     |                   |
|    |                |                                   | Phase 2 Rating        | Partially Compliant | Non-compliant     | Compliant | Non-compliant     | Compliant                  | Compliant            | Largely Compliant          | Compliant            | Compliant                  | Partially Compliant |                   | Compliant         |
| 13 | Denmark        | Combined                          | Phase 1 Determination | In place, but       | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Compliant         |                   |
|    |                |                                   | Phase 2 Rating        | Largely Compliant   | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                   | Compliant         |
| 14 | Estonia        | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | In place            | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Largely Compliant    | Largely Compliant          | Compliant           | Compliant         |                   |
| 15 | Finland        | Combined                          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | In place            | Not assessed      | Compliant         |
|    |                |                                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           | Compliant         |                   |
| 16 | France         | Combined                          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | In place            | Not assessed      | Compliant         |
|    |                |                                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           | Compliant         |                   |
| 17 | Germany        | Combined                          | Phase 1 Determination | In place, but       | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | In place            | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Largely Compliant   | Compliant         | Compliant | Compliant         | Largely Compliant          | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           | Largely Compliant |                   |
| 18 | Greece         | Combined                          | Phase 1 Determination | In place, but       | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | In place            | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Partially Compliant | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Largely Compliant          | Compliant            | Compliant                  | Compliant           | Largely Compliant |                   |

|    | Jurisdiction     | Type of Review    | Type of Evaluation    | A1 – Ownership      | A2 – Accounting   | A3 – Bank | B1 – Access Power | B2 – Rights and Safeguards | C1 – EOI instruments | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI   | Overall Rating    |
|----|------------------|-------------------|-----------------------|---------------------|-------------------|-----------|-------------------|----------------------------|----------------------|----------------------------|----------------------|----------------------------|-------------------|-------------------|
| 19 | Guernsey         | Phase 1 + Phase 2 | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                  |                   | Phase 2 Rating        | Compliant           | Largely Compliant | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Largely Compliant          | Compliant         |                   |
| 20 | Hong Kong, China | Phase 1 + Phase 2 | Phase 1 Determination | In place, but       | In place          | In place  | In place          | In place                   | In place             | In place, but              | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                  |                   | Phase 2 Rating        | Partially Compliant | Largely Compliant | Compliant | Compliant         | Compliant                  | Largely Compliant    | Partially Compliant        | Compliant            | Compliant                  | Compliant         |                   |
| 21 | Iceland          | Combined          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                  |                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |
| 22 | India            | Phase 1 + Phase 2 | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                  |                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |
| 23 | Ireland          | Combined          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                  |                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |
| 24 | Isle of Man      | Combined          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                  |                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Largely Compliant          | Compliant         |                   |
| 25 | Italy            | Combined          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                  |                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Largely Compliant    | Compliant                  | Compliant            | Compliant                  | Largely Compliant |                   |
| 26 | Jamaica          | Phase 1 + Phase 2 | Phase 1 Determination | In place, but       | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                  |                   | Phase 2 Rating        | Partially Compliant | Largely Compliant | Compliant | Largely Compliant | Largely Compliant          | Largely Compliant    | Largely Compliant          | Compliant            | Compliant                  | Largely Compliant |                   |
| 27 | Japan            | Combined          | Phase 1 Determination | In place            | In place          | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                  |                   | Phase 2 Rating        | Compliant           | Compliant         | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |

|    | Jurisdiction       | Type of Review                     | Type of Evaluation    | A1 – Ownership      | A2 – Accounting     | A3 – Bank | B1 – Access Power | B2 – Rights and Safeguards | C1 – EOI instruments | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI     | Overall Rating    |
|----|--------------------|------------------------------------|-----------------------|---------------------|---------------------|-----------|-------------------|----------------------------|----------------------|----------------------------|----------------------|----------------------------|---------------------|-------------------|
| 28 | Jersey             | Combined                           | Phase 1 Determination | In place            | In place, but       | In place  | In place, but     | In place                   | In place, but        | In place                   | In place             | In place                   | Not assessed        | Largely Compliant |
|    |                    |                                    | Phase 2 Rating        | Compliant           | Partially Compliant | Compliant | Largely Compliant | Compliant                  | Largely Compliant    | Compliant                  | Compliant            | Compliant                  | Compliant           |                   |
| 29 | Korea, Republic of | Combined                           | Phase 1 Determination | In place, but       | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Compliant         |
|    |                    |                                    | Phase 2 Rating        | Largely Compliant   | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                   |
| 30 | Luxembourg         | Phase 1 + Phase 2                  | Phase 1 Determination | Not in place        | In place            | In place  | In place, but     | In place                   | In place, but        | In place                   | In place             | In place                   | Not assessed        | Non-compliant     |
|    |                    |                                    | Phase 2 Rating        | Non-compliant       | Compliant           | Compliant | Non-compliant     | Partially Compliant        | Non-compliant        | Largely Compliant          | Partially Compliant  | Non-compliant              | Partially Compliant |                   |
| 31 | Macao, China       | Phase 1 + Phase 2                  | Phase 1 Determination | In place, but       | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant |
|    |                    |                                    | Phase 2 Rating        | Partially Compliant | Compliant           | Compliant | Largely Compliant | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Largely Compliant   |                   |
| 32 | Malta              | Phase 1 + Phase 2                  | Phase 1 Determination | In place            | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant |
|    |                    |                                    | Phase 2 Rating        | Largely Compliant   | Largely Compliant   | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                   |
| 33 | Mauritius          | Combined + Supplementary + Phase 2 | Phase 1 Determination | In place, but       | In place, but       | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant |
|    |                    |                                    | Phase 2 Rating        | Largely Compliant   | Largely Compliant   | Compliant | Largely Compliant | Largely Compliant          | Largely Compliant    | Compliant                  | Compliant            | Compliant                  | Largely Compliant   |                   |
| 34 | Monaco             | Phase 1 + Supplementary + Phase 2  | Phase 1 Determination | In place            | In place            | In place  | In place          | In place, but              | In place             | In place, but              | In place             | In place                   | Not assessed        | Largely Compliant |
|    |                    |                                    | Phase 2 Rating        | Compliant           | Largely Compliant   | Compliant | Compliant         | Partially Compliant        | Compliant            | Largely Compliant          | Compliant            | Compliant                  | Largely Compliant   |                   |
| 35 | Netherlands        | Combined                           | Phase 1 Determination | In place, but       | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant |
|    |                    |                                    | Phase 2 Rating        | Largely Compliant   | Compliant           | Compliant | Compliant         | Largely Compliant          | Largely Compliant    | Compliant                  | Compliant            | Compliant                  | Compliant           |                   |
| 36 | New Zealand        | Combined                           | Phase 1 Determination | In place, but       | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Compliant         |
|    |                    |                                    | Phase 2 Rating        | Largely Compliant   | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                   |

|    | Jurisdiction   | Type of Review                    | Type of Evaluation    | A1 – Ownership    | A2 – Accounting     | A3 – Bank | B1 – Access Power | B2 – Rights and Safeguards | C1 – EOI instruments | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI   | Overall Rating    |
|----|----------------|-----------------------------------|-----------------------|-------------------|---------------------|-----------|-------------------|----------------------------|----------------------|----------------------------|----------------------|----------------------------|-------------------|-------------------|
| 37 | Norway         | Combined                          | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                |                                   | Phase 2 Rating        | Compliant         | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |
| 38 | Philippines    | Phase 1 + Phase 2                 | Phase 1 Determination | In place          | In place, but       | In place  | In place          | In place                   | In place, but        | In place, but              | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Largely Compliant | Partially Compliant | Compliant | Compliant         | Compliant                  | Largely Compliant    | Compliant                  | Compliant            | Compliant                  | Largely Compliant |                   |
| 39 | Qatar          | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Largely Compliant | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Largely Compliant |                   |
| 40 | San Marino     | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Compliant         | Largely Compliant   | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Largely Compliant |                   |
| 41 | The Seychelles | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place, but        | In place, but              | In place             | In place                   | Not assessed      | Non-compliant     |
|    |                |                                   | Phase 2 Rating        | Non-compliant     | Non-compliant       | Compliant | Compliant         | Compliant                  | Partially Compliant  | Partially Compliant        | Compliant            | Compliant                  | Largely Compliant |                   |
| 42 | Singapore      | Phase 1 + Phase 2                 | Phase 1 Determination | In place          | In place            | In place  | In place, but     | In place                   | In place, but        | In place, but              | In place             | In place                   | Not assessed      | Largely Compliant |
|    |                |                                   | Phase 2 Rating        | Compliant         | Compliant           | Compliant | Largely Compliant | Compliant                  | Largely Compliant    | Largely Compliant          | Compliant            | Compliant                  | Compliant         |                   |
| 43 | South Africa   | Combined                          | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                |                                   | Phase 2 Rating        | Compliant         | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |
| 44 | Spain          | Combined                          | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place             | In place, but              | In place             | In place                   | Not assessed      | Compliant         |
|    |                |                                   | Phase 2 Rating        | Compliant         | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Largely Compliant          | Compliant            | Compliant                  | Compliant         |                   |
| 45 | Sweden         | Combined                          | Phase 1 Determination | In place          | In place            | In place  | In place          | In place                   | In place             | In place                   | In place             | In place                   | Not assessed      | Compliant         |
|    |                |                                   | Phase 2 Rating        | Compliant         | Compliant           | Compliant | Compliant         | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant         |                   |

|    | Jurisdiction             | Type of Review                    | Type of Evaluation    | A1 – Ownership      | A2 – Accounting   | A3 – Bank | B1 – Access Power   | B2 – Rights and Safeguards | C1 – EOI instruments | C2 – Network of Agreements | C3 – Confidentiality | C4 – Rights and Safeguards | C5 – Timely EOI     | Overall Rating      |
|----|--------------------------|-----------------------------------|-----------------------|---------------------|-------------------|-----------|---------------------|----------------------------|----------------------|----------------------------|----------------------|----------------------------|---------------------|---------------------|
| 46 | Turks and Caicos         | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place            | In place, but     | In place  | In place            | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant   |
|    |                          |                                   | Phase 2 Rating        | Compliant           | Largely Compliant | Compliant | Compliant           | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                     |
| 47 | Turkey                   | Combined                          | Phase 1 Determination | Not in place        | In place          | In place  | In place, but       | In place                   | In place, but        | In place                   | In place             | In place, but              | Not assessed        | Partially Compliant |
|    |                          |                                   | Phase 2 Rating        | Non-compliant       | Compliant         | Compliant | Partially Compliant | Compliant                  | Largely Compliant    | Compliant                  | Compliant            | Largely Compliant          | Partially Compliant |                     |
| 48 | United Kingdom           | Combined + Supplementary          | Phase 1 Determination | In place, but       | In place          | In place  | In place            | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant   |
|    |                          |                                   | Phase 2 Rating        | Largely Compliant   | Compliant         | Compliant | Largely Compliant   | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Largely Compliant   |                     |
| 49 | United States            | Combined                          | Phase 1 Determination | In place, but       | In place, but     | In place  | In place            | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Largely Compliant   |
|    |                          |                                   | Phase 2 Rating        | Largely Compliant   | Largely Compliant | Compliant | Compliant           | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Compliant           |                     |
| 50 | Virgin Islands (British) | Phase 1 + Supplementary + Phase 2 | Phase 1 Determination | In place            | In place, but     | In place  | In place            | In place                   | In place             | In place                   | In place             | In place                   | Not assessed        | Non-compliant       |
|    |                          |                                   | Phase 2 Rating        | Partially Compliant | Non-compliant     | Compliant | Non-compliant       | Compliant                  | Compliant            | Compliant                  | Compliant            | Compliant                  | Non-compliant       |                     |

### **ANNEX 3: SCHEDULE OF REVIEWS**

At its meeting in Mexico on 1-2 September 2009, the Global Forum decided on a three-year mandate with the possibility, if needed, to extend it, aimed at monitoring and peer review of its members and other relevant jurisdictions based on the Global Forum standards of transparency and information exchange for tax purposes. This was reiterated by the Global Forum at its meeting in Paris on 25-26 October 2011 which agreed to extend the Global Forum's current mandate until the end of 2015.

The Global Forum also established a Peer Review Group (PRG) to develop the methodology and detailed terms of reference for the peer review process and agreed that "there will be two phases for the peer review". Phase 1 will examine the legal and regulatory framework in each jurisdiction whereas Phase 2 will evaluate the implementation of the standards in practice. It was also agreed that all jurisdictions would be reviewed under Phase 1 during the first mandate, which is not necessarily the case for Phase 2.

The attached schedule of reviews is based on the guidelines set out below.

The schedule attempts to balance a number of considerations and no inference should be drawn about a particular jurisdiction from the timing of the reviews. All members of the Global Forum will ultimately be reviewed under both Phase 1 and Phase 2. In some cases where jurisdictions have a long standing commitment to the Global Forum standards, an adequate treaty network and a history of exchange of information with other jurisdictions, a combined Phase 1-2 review has been scheduled. Moreover, a number of jurisdictions have volunteered for a combined Phase 1-2 review to be scheduled. However, not all jurisdictions which might prefer and be suitable for combined Phase 1-2 have been scheduled for such combined reviews because of resource issues.

The following factors were taken into account in developing the schedule:

- Achieving a regional balance, a balance between OECD and non OECD reviews over the period of the mandate and a balance between those that committed to the standard early and those that have made more recent commitments.
- Jurisdictions lacking exchange of information agreements have been scheduled later for Phase 2 reviews as they do not have sufficient experience in implementing the standard in practice.
- The schedule takes into account exceptional circumstances so as not to overburden jurisdictions which would undergo other peer reviews around the same time (for instance FATF).
- Jurisdictions which are not members of the Global Forum but are considered to be relevant to be reviewed have been scheduled early for Phase 1 reviews.

Note that the schedule is provisional, particularly as relates to Phase 2 reviews, and may need to be adjusted to take account of circumstances as they arise.

| 2010                 |                     |                      |                       | 2011                                  |                      |                      |                                |
|----------------------|---------------------|----------------------|-----------------------|---------------------------------------|----------------------|----------------------|--------------------------------|
| 1 <sup>st</sup> Half |                     | 2 <sup>nd</sup> Half |                       | 1 <sup>st</sup> Half                  |                      | 2 <sup>nd</sup> Half |                                |
| <b>Australia</b>     | <b>Canada</b>       | Belgium              | Bahrain               | Anguilla                              | Andorra              | Chile                | Cook Islands                   |
| Barbados             | <b>Denmark</b>      | <b>France</b>        | Estonia               | Antigua and Barbuda                   | Brazil               | <b>China</b>         | Czech Republic                 |
| Bermuda              | <b>Germany</b>      | <b>Isle of Man</b>   | Guernsey              | Turks and Caicos                      | Brunei               | Costa Rica           | Grenada                        |
| Botswana             | India               | <b>Italy</b>         | Hungary               | Austria                               | Hong Kong, China     | Cyprus               | Liberia                        |
| Cayman Islands       | Jamaica             | Liechtenstein        | <b>Japan</b>          | British Virgin Islands                | Macao, China         | Gibraltar            | Malta                          |
| Ghana                | <b>Jersey</b>       | <b>New Zealand</b>   | Philippines           | Indonesia                             | Malaysia             | <b>Greece</b>        | Russian Federation             |
| <b>Ireland</b>       | Monaco              | San Marino           | Singapore             | Luxembourg                            | <b>Spain</b>         | Guatemala            | Saint Lucia                    |
| <b>Mauritius</b>     | Panama              | Saudi Arabia         | Switzerland           | <b>Netherlands</b>                    | United Arab Emirates | <b>Korea</b>         | Slovak Republic                |
| <b>Norway</b>        | Seychelles          | The Bahamas          | Aruba                 | Curaçao                               | Uruguay              | Mexico               | <b>South Africa</b>            |
| Qatar                | Trinidad and Tobago | <b>United States</b> | <b>United Kingdom</b> | Saint Kitts and Nevis                 | Vanuatu              | Montserrat           | St. Vincent and the Grenadines |
|                      |                     |                      |                       | Former Yugoslav Republic of Macedonia |                      |                      | Sint Maarten                   |
|                      |                     |                      |                       | Lebanon                               |                      |                      |                                |

- Phase 1 review
- Phase 2 review
- Combined review

| 2012                 |          |                      |                                | 2013                  |                 |                                       |                                |
|----------------------|----------|----------------------|--------------------------------|-----------------------|-----------------|---------------------------------------|--------------------------------|
| 1 <sup>st</sup> Half |          | 2 <sup>nd</sup> Half |                                | 1 <sup>st</sup> Half  |                 | 2 <sup>nd</sup> Half                  |                                |
| Samoa                | Turkey   | Belgium              | British Virgin Islands         | Bahrain               | Malaysia        | Anguilla                              | Andorra                        |
| Argentina            | Portugal | Bermuda              | Austria                        | Estonia               | Slovak Republic | Antigua and Barbuda                   | Botswana*                      |
| Belize               | Finland  | Cayman Islands       | Hong Kong, China               | Jamaica               | Slovenia        | Chile                                 | Ghana                          |
| Dominica             | Sweden   | Cyprus               | India                          | Philippines           | Vanuatu*        | Former Yugoslav Republic of Macedonia | Grenada                        |
| Israel               | Iceland  | Guernsey             | Luxembourg                     | Turks and Caicos      | Indonesia       | Guatemala*                            | Israel                         |
| Marshall Islands     | Slovenia | Malta                | Monaco                         | United Arab Emirates* | Seychelles      | Mexico                                | Liberia*                       |
| Nauru                | Brazil   | Qatar                | Panama*                        | Barbados              | Colombia        | Montserrat                            | Russian Federation             |
| Niue                 |          | San Marino           | Switzerland*                   | Brunei*               | Georgia         | Trinidad and Tobago*                  | Saint Kitts and Nevis          |
| Poland               |          | Singapore            | Federated States of Micronesia | Macao, China          | Nigeria         | Latvia                                | Saint Lucia                    |
|                      |          | The Bahamas          |                                | Lithuania             |                 |                                       | St. Vincent and the Grenadines |
|                      |          |                      |                                | Kenya                 |                 |                                       | Lebanon*                       |

- Phase 1 review
- Phase 2 review
- Combined review

\*This Phase 2 review is delayed; see Phase 1 report for this jurisdiction for details.



| 2014                 |                |                      |                    | 2015                           |             |                      |                    |
|----------------------|----------------|----------------------|--------------------|--------------------------------|-------------|----------------------|--------------------|
| 1 <sup>st</sup> Half |                | 2 <sup>nd</sup> Half |                    | 1 <sup>st</sup> Half           |             | 2 <sup>nd</sup> Half |                    |
| Belize               | Czech Republic | Liechtenstein        | Costa Rica         | Kenya                          | El Salvador | Albania              | Uganda             |
| Dominica*            | Gibraltar      | Samoa                | Lithuania          | Colombia                       | Mauritania  | Gabon                | Lesotho            |
| Marshall Islands*    | Hungary        | Albania              | Georgia            | Nigeria                        | Morocco     | Kazakhstan           | Burkina Faso       |
| Nauru*               | Curaçao        | Burkina Faso         | Latvia             | Federated States of Micronesia | Tunisia     | Pakistan             | Cameroon           |
| Niue*                | Poland         | Cameroon             | Lesotho            |                                |             | Senegal              | Azerbaijan         |
| Saudi Arabia         | Sint Maarten   | Gabon                | Azerbaijan         |                                |             |                      | Romania            |
| Cook Islands         | El Salvador    | Kazakhstan           | Romania            |                                |             |                      | Dominican Republic |
| Portugal             | Mauritania     | Pakistan             | Dominican Republic |                                |             |                      | Ukraine            |
| Uruguay              | Morocco        | Senegal              | Ukraine            |                                |             |                      |                    |
| Aruba                |                | Uganda               |                    |                                |             |                      |                    |



Phase 1 review

Phase 2 review

Combined review

\*This Phase 2 review is delayed; see Phase 1 report for this jurisdiction for details.

