



THE GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the world's leading multilateral body within which work in the area of transparency and exchange of information for tax purposes is carried out. The mandate of the Global Forum is to ensure a rapid and effective implementation of the standards on transparency and exchange of information for tax purposes. Its work focuses on two internationally recognised standards: exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI). The Global Forum also works to assist members, especially those jurisdictions with lower capacity, to implement and benefit from the standards effectively.

There are 140 jurisdictions which are currently members of the Global Forum, including all G20 countries, all OECD members, all key international financial centres and many developing countries. Each member participates on an equal footing. The Global Forum is self-funded, with a self-standing Secretariat hosted in the Organisation for Economic Co-operation and Development (OECD).

THE INTERNATIONALLY AGREED STANDARDS

The EOIR standard is reflected in the Model Tax Conventions of the OECD and the United Nations (Article 26), and the Model Tax Information Exchange Agreement as developed jointly by OECD and non-OECD members. EOIR refers to a situation where the designated tax authority of one jurisdiction asks for particular information from the authority of another jurisdiction in connection with a tax inquiry or investigation. All Global Forum members committed to combatting tax evasion through implementing the EOIR standard.

A new global standard on automatic exchange of financial account information (the Common Reporting Standard) was developed by the OECD countries working together with G20 countries and was endorsed by the Global Forum in 2014. Under this standard, jurisdictions obtain information from their financial institutions on financial accounts held by non-residents and exchange that information with the jurisdictions of residence of the account holders, every year, without being preceded by a specific request. The information exchanged is a predefined set of data. To date 100 jurisdictions, including almost all major financial centres, have committed to implementing the AEOI standard with first exchanges taking place in 2017 or 2018.

IMPLEMENTING THE STANDARD OF EXCHANGE OF INFORMATION ON REQUEST

The EOIR standard is built on three key components:

1) **Availability** of information, including

- Legal and beneficial ownership of companies, partnerships, trusts, foundations and other legal persons or arrangements;
- Accounting records, including underlying source documentation;
- Banking records, including the legal and beneficial owner of the account and transaction records;
- The information must be maintained for at least five years and effective enforcement provisions must ensure the availability of information, including adequate monitoring for non-compliance, as well as sufficiently strong compulsory powers.

2) **Access** to information and powers to obtain it, including

- Power to access ownership, accounting and banking information;



- Access powers that apply for the purposes of answering a request even if there is no domestic tax reason for accessing the information;
- Access powers that are enforceable with sufficiently strong compulsory powers;
- Suitable limitations to taxpayer notification and appeal rights to prevent EOI from being unduly constrained.

3) **Exchange** of information agreements to provide the legal basis for exchange, including

- Agreements with a network of all relevant international counterparts;
- Safeguards to protect taxpayers' rights and confidentiality;
- Organisational processes to facilitate practical and timely operation of exchange of information.

IMPLEMENTING THE STANDARD ON AUTOMATIC EXCHANGE OF INFORMATION

There are **four core requirements** to implement the standard on AEOI:

- 1) Translating the reporting and due diligence rules into domestic law;
- 2) Ensuring a legal basis is in place to automatically exchange information;
- 3) Putting in place information technology and administrative infrastructure;
- 4) Protecting confidentiality and safeguarding data.

A commitment to implement the AEOI standard:

- **Reciprocity:** both sending and receiving information (although jurisdictions may elect to only send information, which may be appropriate for jurisdictions that do not have an income tax).
- **Exchanging with all interested appropriate partners:** these are jurisdictions interested in entering into an AEOI relationship and which meet standards on confidentiality, data safeguards and proper use of the information.
- **Commencing information exchanges within a specific timetable:** jurisdictions, and in particular all financial centres, are expected to implement the standard with first exchanges occurring by September 2018. However, in recognition of the particular challenges faced, lower capacity developing countries may require further time and assistance to effectively implement the standard. The Global Forum is therefore committed to assist developing countries to implement the standard in as timely a manner as practicable.

MONITORING AND PEER REVIEW PROCESS OF EOIR AND AEOI STANDARDS

One of the main instruments used by the Global Forum to ensure that its members effectively implement the internationally agreed standards is a peer review process. The process is robust and transparent and is designed to identify any areas of the legal or practical implementation of the standards that require improvement, and thus ensures the level playing field. A peer review is a unique opportunity for jurisdictions to examine their own legal and regulatory framework and may be the starting point for improvements in order to enable countries to better enforce their domestic tax system.

- **The EOIR standard.** All members as well as specifically identified non-members are subject to an EOIR peer review. Since 2009, peer reviews have generally been conducted in two phases: an examination of the legal framework, followed by an examination of the practical implementation which then assigns an overall compliance rating. Since mid-2016, a second round of reviews has commenced, which is a combined examination of both the legal and regulatory framework and the practical implementation of the standard. Peer reviews are undertaken on the basis of agreed [terms of reference](#), using the [methodology](#) and [assessment criteria](#), available on the Global Forum website.



- **The AEOI standard.** The Global Forum monitors the progress in implementing the AEOI standard on an ongoing basis. In 2016, the Global Forum has started risk-based assessments to ensure that the key elements of the standard are being properly implemented, through a “Staged Approach” which consists of five modules: (i) a real-time and continuous monitoring of the timely implementation of the standard; (ii) a preliminary assessment of the confidentiality and data safeguards; (iii) an assessment of the domestic legal frameworks; (iv) a process to ensure that AEOI agreements are in place with all interested appropriate partners; and (v) the monitoring of the IT and administrative infrastructure and resources. In 2019, it is expected that the Global Forum will commence comprehensive peer reviews of the effectiveness of implementation of the AEOI standard in practice.

The work on EOIR and AEOI is undertaken by two subsidiary working bodies. These are the Peer Review Group (PRG) for EOIR, and the AEOI group. The PRG is comprised of 30 members, and membership is rotated to reflect the diverse membership of the Global Forum. Membership of the AEOI Group is voluntary and open to all Global Forum members with a particular interest, and there are currently 72 members. The PRG and the AEOI Group meet during the year and report to the Global Forum, which is the sole decision making body.

SUPPORT AVAILABLE TO MEMBERS TO ASSIST WITH IMPLEMENTATION

It is a key responsibility of the Global Forum to help its members implement the EOIR and AEOI standards. The critical importance of supporting developing countries in particular has been widely recognised, including in the 2015 Addis Ababa Third International Conference on Financing for Development. The Secretariat has a dedicated team in place to support members, as well as an online helpdesk and resources.

The support activities may fall into three broad categories:

- **Bilateral capacity building**, focusing on the needs of one jurisdiction at a time. This includes i) analysis of the existing legal framework, guidance on the amendments needed to implement EOIR and AEOI and reviews of the legislative proposals to that end, ii) analysis of the organisation and administrative practices and guidance to improve them, iii) preparation to the EOIR peer review process, iv) assistance in the implementation of the different modules of the AEOI Staged Approach, with confidentiality and data safeguards being an important element of this work.
- **Peer-to-peer learning between member jurisdictions**, which takes the form of regional training seminars and competent authority meetings, focusing on issues such as awareness, auditor sensitisation, best practice in exchange of information, multilateral solutions for implementing AEOI, etc.
- **Development of tools**, which support members’ implementation of the international standards, such as practical guidelines, work manuals, model agreements and legislation, and tracking systems.

New members benefit from an Induction Programme aimed at creating awareness of their rights and obligations. Through this programme, members can quickly familiarise themselves with the Global Forum’s programmes and processes. Assistance is provided in preparation for the review processes and in putting in place the infrastructure needed to benefit from effective exchange of information. The programme involves an initial high level visit by the Head of the Secretariat to engage the jurisdiction at Minister of Finance level and create political awareness. A roadmap setting out the next steps, timelines and responsibilities is drawn and agreed by the jurisdiction and the Secretariat. This is followed by a preliminary assessment of the country’s EOIR and AEOI legal framework, organisation, processes and practices to determine the actions that the new member jurisdiction will need to take to effectively implement the EOIR and AEOI standards.

The Global Forum’s assistance activities are a collaborative effort between the Secretariat, member jurisdictions and various international organisations and development agencies, including the World Bank Group, ATAF, CIAT, Inter-American Development Bank and the Asian Development Bank. In 2014, the Global Forum launched the Africa Initiative, a collaborative effort to encourage the effective use of exchange of information in combating tax evasion and illicit flows in Africa. Eight of our African member jurisdictions



(Burkina Faso, Cameroon, Gabon, Ghana, Kenya Morocco, Nigeria and Uganda) have come forward to lead this initiative and are making significant progress in meeting concrete targets for improvement. A similar initiative was launched recently with IDB, CIAT and the WB Group to provide assistance in both EOIR and AEOI for countries in Latin America and the Caribbean.

BENEFITS OF JOINING THE GLOBAL FORUM

- Ensures participation in a unique forum for all members, including financial centres and developing countries, to have a voice in the decision making process, as all core decisions are taken by consensus.
- Provides members with international visibility and heightens their profile as a reliable location in which to do business. Compliance with the Global Forum standards assists jurisdictions responding to any lists pertaining to non-cooperative jurisdictions in tax transparency matters.
- Members are able to access the dedicated capacity building and support provided by the Global Forum secretariat to help in implementing the standards of EOIR and AEOI. Members are also invited to attend training seminars and knowledge sharing events with international counterparts.
- Participating in the monitoring and peer review process, which provides an opportunity to reflect on how the legal framework and practices can be improved. In addition to being peer reviewed, members are invited to participate in reviews of other jurisdictions.
- Joining the AEOI group provides access to a forum where implementation challenges can be shared and resolved, and to participate in the design and work of the peer review process.
- The Global Forum's work is linked with other inter-government initiatives, such as fighting illicit financial flows: improving tax transparency will also assist the fight against corruption and money laundering.
- A number of international financial institutions incorporate the Global Forum ratings into their policies determining the routing of investments (e.g. the Council of Europe Development Bank, the European Bank of Reconstruction and Development, the European Investment Bank and the International Finance Corporation, a member of the World Bank Group). For example, all of these international organisations restrict the routing of investments through jurisdictions that have been found to be "non-compliant" or "partially compliant" in their peer review for EOIR.

OBLIGATIONS WHEN JOINING THE GLOBAL FORUM

- Commit to implement the standard on transparency and EOIR.
- Commit to implement the AEOI standard with first exchanges by September 2018, or, in the case of developing countries which do not host financial centres, on a practicable timetable designed with the support of the Global Forum.
- Participate in and contribute to the monitoring and peer review process for EOIR, and addressing any areas requiring improvement in a timely manner. New members joining the Global Forum in 2017 will generally be scheduled for a peer review after 2019, providing sufficient time to the Global Forum to provide advice and support in preparation for the review.
- Contribute to the Global Forum budget **in line with the agreed principles for assessed contributions**. In 2016, members contributed either a flat amount set at EUR 15 300 or, for countries whose GNP is above USD 35 billion, an amount that basically reflects their relative capacity to pay.

To join the Global Forum a letter should be sent to the Chair of the Global Forum on behalf of the jurisdiction, expressing the intention to join the Global Forum and abide by the obligations of membership. The letter should be signed by someone who has the authority to commit the government, typically a Minister or Secretary of Finance. The Secretariat can provide a template letter to assist.

For more information on the work of the Global Forum, visit <http://www.oecd.org/tax/transparency/> or email gftaxcooperation@oecd.org.