



# **Global Forum on Transparency and Exchange of Information for Tax Purposes**

**Berlin, Germany  
28-29 October 2014**

## **Statement of Outcomes**



1. On 28-29 October 2014, over 300 delegates from 101 jurisdictions and 14 international organisations and regional groups came together in Berlin, Germany, for the 7<sup>th</sup> meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum). The Global Forum welcomed Croatia and Peru as new members which have joined since its last meeting, bringing the membership of the Global Forum to 123 members. Many delegations were represented at a very high level, including Ministers from Albania, Aruba, Barbados, British Virgin Islands, Burkina Faso, Cayman Islands, Croatia, Czech Republic, Estonia, Georgia, Germany, Ghana, Gibraltar, Iceland, Isle of Man, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, Norway, San Marino, the Seychelles, Slovenia, South Africa and Trinidad and Tobago.

2. The major outcome of the meeting was the resolve of Global Forum members to take tax transparency to a new level. This is evidenced by the following:

- the commitments by an overwhelming majority of Global Forum members to implement the new standard on Automatic Exchange of Information (AEOI) by 2017 or by end 2018 accompanied by an expression of support for its members, in particular developing countries, to participate in the new, transparent EOI environment;
- the adoption, in principle, of revisions to the Terms of Reference, which will now include a requirement to maintain beneficial ownership information, to ensure that the standard on exchange of information on request continues to reflect the evolution of the dynamic EOI environment; the changes will be applicable to the next round of reviews for EOI on request (starting in 2016); and
- pledging greater support to developing countries including through facilitating their participation in AEOI and the launch of the Africa Initiative – a 3 year project to raise awareness and build the tools to foster effective EOI – led by African members and the Chair of the Global Forum with the collaboration of the Global Forum, ATAF, CREDAF, the OECD and the World Bank Group.

3. The Global Forum will, over the coming year, develop the detailed Terms of Reference and Methodology for AEOI peer reviews and revise the Terms of Reference and Methodology for the next round of peer reviews for EOI on request. With the next round of reviews on the horizon, a mechanism has also been agreed to incentivise jurisdictions that are still not in a position to move to Phase 2. Reviews for both EOI on Request and AEOI will take the Global Forum into the next decade and so it was agreed to extend its mandate to the end of 2020.

4. Further details on the outcomes of the meeting are set out below.

### ***Automatic Exchange of Information***

5. The Global Forum endorsed the new standard on AEOI, developed by the OECD and G20 countries, and welcomed the commitments made by a large majority of its members to implement this standard. A total of 89 Global Forum member jurisdictions have committed to implement reciprocal exchange of information on financial accounts on an automatic basis, with the first exchanges starting from 2017 or 2018 subject to the completion of necessary legislative procedures (see Annex 2 for a status of commitments). To further review the implementation of the new AEOI standard, the Global Forum welcomed the work done by the AEOI Group in 2014 in preparing the draft high level Terms of Reference and a draft Methodology for an AEOI peer review process. In 2015, jurisdictions will provide AEOI implementation plans so that a report can be made to the Global Forum plenary next year. Reviews are expected to start in 2016, as the legal and regulatory frameworks of jurisdictions committed to first exchanges in 2017 should be finalised by then. The AEOI Group was mandated to finalise the detailed



Terms of Reference, a Methodology and a Schedule of Reviews for the approval of the Global Forum at its next plenary meeting.

6. With regard to the developing countries that do not have financial centres and that have not already indicated their commitment to AEOI, it was widely recognised that it may not be feasible for them to commit to the new standard at this time on account of capacity constraints, so they were not asked to make a similar commitment. The Global Forum will help its developing country members to implement the new standard on AEOI, and will, in cooperation with the World Bank Group and other international organisations, facilitate pilot projects as endorsed by the G20. Some developing countries are also financial centres, and their needs for assistance should also be taken into account to ensure timely implementation of the new standard. Assistance to these jurisdictions in understanding and implementing the new standard on AEOI will also be provided.

### *EOI on request – the next round*

7. Prior to commencing the next round of reviews in respect of EOI on request, the Global Forum will amend the existing Terms of Reference in light of the experience gained from the peer reviews, and in light of international developments. Key changes agreed include a requirement to maintain beneficial ownership information, the incorporation of the 2012 update to Article 26 of the OECD Model Tax Convention and its Commentary, which now clearly provides for group requests, and a more in-depth assessment of the completeness and quality of EOI exchanges. The Global Forum also agreed that the Terms of Reference be strengthened in respect of enforcement measures, the record retention periods, foreign companies and post-exchange notification requirements.

8. Members also agreed on the broad principles for the new Methodology for the next round of reviews to commence in 2016. All jurisdictions already reviewed (and any new members that join subsequently) will undergo one review covering both the legal framework and its practical implementation against the new Terms of Reference. A new Schedule of Reviews to be prepared for this purpose will follow the current schedule as closely as possible.

9. The Peer Review Group (PRG) was mandated to draft and propose specific changes to the Terms of Reference, a new Methodology, as well as a new Schedule of Reviews, for adoption by the Global Forum by mid-2015.

### *Technical Assistance*

10. The Global Forum welcomed the launch of the Africa Initiative (see Annex 3) as a joint effort with individual African members of the Global Forum, ATAF, CREDAF, the OECD and the World Bank Group. For maximum impact, the Africa Initiative is targeted at senior levels of leadership, and envisages a dynamic program of events over the next three years aimed at raising awareness predominantly in the first year (2015), moving gradually to putting in place the tools that are needed to build effective EOI systems in the second and third year (2016 and 2017).

11. In addition to the Africa Initiative and the support for developing country participation in AEOI, the Global Forum will continue its technical assistance work on helping jurisdictions with capacity constraints to meet the international standard for EOI on request.

### *Peer Reviews and Ratings*

12. The Global Forum adopted and published an additional seven peer review reports (the Phase 2 reviews of Belize, Ghana, Gibraltar, Grenada, Israel, the Russian Federation and Saint Vincent and the Grenadines). With the adoption of 5 Phase 1 and 21 Phase 2 reviews since its last meeting, the Global



Forum has completed 150 peer reviews, which include 79 Phase 1 reviews, 26 Combined (Phase 1 + Phase 2) reviews and 45 Phase 2 reviews. The overall ratings show that 20 jurisdictions are rated as “Compliant”, 38 jurisdictions as “Largely Compliant”, 9 jurisdictions as “Partially Compliant” and 4 jurisdictions as “Non-Compliant”. The progress with the peer reviews and the assigned ratings are reflected in the Global Forum’s 2014 Annual Report “Tax Transparency 2014: Report on Progress”, which was published today by the Global Forum. The Annual Report also highlights the effectiveness of exchange of information and the increased level of cooperation between tax authorities.

13. In the past year, the supplementary reports on three jurisdictions (i.e. Botswana, Niue and the United Arab Emirates) concluded that they had made sufficient progress to be able to move to Phase 2. Though progress has been made in other cases, there are 12 jurisdictions which, in the course of their Phase 1 reviews, were determined to be unable to move to Phase 2 until their legal and regulatory frameworks for exchange of information in tax matters are improved. In order to encourage these jurisdictions to make the necessary changes, and to ensure a level playing field, the Global Forum agreed to invite jurisdictions that remain blocked for more than 2 years to request supplementary reviews within the next six months to assess whether sufficient progress has been made. It was also decided that failure to make a request or failure to move to Phase 2 following a supplementary review would lead to a Non-Compliant rating being assigned.

### ***Governance and budget***

14. Recognising the implications for the Global Forum’s work on the new round of reviews in respect of EOI on request, as well as the monitoring of the implementation of the new standard on AEOI, the Global Forum agreed to an extension of its mandate for another five years until the end of 2020. In addition, the Steering Group was mandated to work out substantive details of the extended mandate, in particular to specifically include the work on AEOI, in sufficient time for an agreement to be reached at next year’s Global Forum meeting.

15. Under its rotation mechanism, the Global Forum also agreed to rotate the membership of the Steering Group and the PRG. In the Steering Group, Barbados will replace Bermuda in 2015 for a two year term, and was also elected as a new Vice-Chair in place of Bermuda. Two new members, Georgia and Uruguay, will join the PRG for a term of three years. The Netherlands will leave the PRG to accommodate the addition of the new members (only 29 of the 30 seats were occupied). In addition, the United Kingdom will replace Japan as a Vice Chair of the PRG. Finally, Mr. Kosie Louw from South Africa was elected for a new two year term as Chair of the Global Forum. The Global Forum also agreed to review the governance of the Global Forum and in particular to evaluate the current rotation mechanism with a view to making it more predictable and more efficient.

16. An intermediate financial report for 2014 was considered and the Global Forum adopted the proposed budget for 2015 and 2016. The Global Forum decided to provide Mauritania and Nauru a final opportunity to pay their outstanding membership fees and to exclude them from membership if they do not. Although given the expansion of its work, overall expenditure is expected to increase over the next two years, the Global Forum agreed to use the available surplus from past years and not to increase the membership fees for 2015. It will re-visit the question of resources in 2015.

### ***Next Steps***

17. The key focus in 2015 will comprise the final preparations for the new review process on AEOI and the next round of reviews for EOI on request, which will both commence in 2016. The Global Forum looks forward to the finalisation of the Terms of Reference, Methodology and a Schedule of Reviews for both processes. To ensure that all Global Forum members will be ready for these developments, technical



assistance work will also be stepped up, most importantly through the new Africa Initiative and pilot projects on AEOI.

18. The Global Forum agreed that its next meeting will take place in October 2015, and looks forward to offers by member jurisdictions to host the meeting. Finally, the Global Forum thanked the Government of Germany for its generous hospitality.



## ANNEX 1: LIST OF PARTICIPANTS AT GLOBAL FORUM MEETING

### BERLIN, GERMANY

28-29 October 2014

**Albania\***; Andorra; Antigua and Barbuda; Argentina; **Aruba\***; Australia; Austria; Azerbaijan; The Bahamas; Bahrain; **Barbados\***; Belgium; Bermuda; Brazil; **British Virgin Islands\***; Brunei Darussalam; **Burkina Faso\***; Cameroon; Canada; **Cayman Islands\***; Chile; China; Colombia; Cook Islands; Costa Rica; **Croatia\***; Cyprus; **Czech Republic\***; Denmark; Dominican Republic; **Estonia\***; Finland; France; **Georgia\***; **Germany\***; **Ghana\***; **Gibraltar\***; Greece; Guatemala; Guernsey; Hong Kong, China; Hungary; **Iceland\***; India; Indonesia; Ireland; **Isle of Man\***; Italy; Jamaica; Japan; **Jersey\***; Kazakhstan; Kenya; Korea; **Latvia\***; Lesotho; **Liechtenstein\***; **Lithuania\***; **Luxembourg\***; Macao, China; Malaysia; Malta; Marshall Islands; Mauritius; Mexico; **Monaco\***; Montserrat; Morocco; Netherlands; Nigeria; **Norway\***; Panama; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russian Federation; Saint Kitts and Nevis; Samoa; **San Marino\***; Saudi Arabia; Senegal; **Seychelles\***; Singapore; Slovak Republic; **Slovenia\***; **South Africa\***; Spain; Sweden; Switzerland; **Trinidad and Tobago\***; Tunisia; Turkey; Turks and Caicos Islands; Uganda; Ukraine; United Arab Emirates; United Kingdom; United States; Uruguay.

African Tax Administration Forum (ATAF); Caribbean Community (CARICOM); Inter-American Center of Tax Administrations (CIAT); Centre de Rencontres et D'Etudes des Dirigeants des Administrations Fiscales (CREDAF); Commonwealth Secretariat; European Bank for Reconstruction and Development (EBRD); European Investment Bank (EIB); European Union (EU); Inter-American Development Bank (IDB); International Monetary Fund (IMF); Organisation for Economic Co-operation and Development (OECD); United Nations (UN); World Bank Group (WBG); World Customs Organisation (WCO).

\* Jurisdictions marked with an asterisk were represented at Ministerial level.



## ANNEX 2: STATUS OF AEOI COMMITMENTS

The table below summarises the responses of Global Forum members that were asked to commit to the new standard.<sup>1</sup>

JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2017 <sup>2</sup>
<b>Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Cayman Islands, Chile, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago, Turks and Caicos Islands, United Kingdom, Uruguay</b>
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Belize, Brazil, Brunei Darussalam, Canada, China, Costa Rica, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Marshall Islands, Macao (China), Malaysia, Monaco, New Zealand, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates
JURISDICTIONS THAT HAVE NOT INDICATED A TIMELINE OR THAT HAVE NOT YET COMMITTED
Bahrain, Cook Islands, Nauru, Panama, Vanuatu

It is expected that in the following months, more jurisdictions will communicate their commitment to the Chair of the Global Forum. The status of these commitments will be updated on the Global Forum website on a continuous basis.

<sup>1</sup> The United States has indicated that it will be undertaking automatic information exchanges pursuant to FATCA from 2015 and has entered into intergovernmental agreements (IGAs) with other jurisdictions to do so. The Model 1A IGAs entered into by the United States acknowledge the need for the United States to achieve equivalent levels of reciprocal automatic information exchange with partner jurisdictions. They also include a political commitment to pursue the adoption of regulations and to advocate and support relevant legislation to achieve such equivalent levels of reciprocal automatic exchange.

<sup>2</sup> A group of jurisdictions, collectively known as the Early Adopters Group (indicated in bold), have committed themselves to early adoption of the new standard and have provided specific timelines for implementation in the form of a Joint Statement, with the first exchange of information in relation to new accounts and pre-existing individual high value accounts to take place by the end of September 2017. Information about pre-existing individual low value accounts and entity accounts will either first be exchanged by the end of September 2017 or September 2018 depending on when financial institutions identify them as reportable accounts.



## ANNEX 3: AFRICA INITIATIVE

### Introduction

Each day the problem of illicit financial flows from countries across Africa is hitting the headlines. The numbers vary but they are significant and tax evasion is a major part of this. The scale of the problem across Africa is well-known. Nevertheless, we rarely hear about solutions available to African Governments and Ministers of Finance who want to do the right thing and align with international efforts in favour of global transparency in the fight against tax evasion.

There are also a number of persistent myths surrounding exchange of information (EOI) which ensure that EOI networks are less extensive than they could be and EOI instruments are used less intensively than might otherwise be the case. These myths include the presumption that EOI is costly and complex when the reality is that requesting information as part of an ongoing investigation is a straightforward exercise. Similarly, the myth persists that there are still secrecy jurisdictions and this acts as a deterrent to countries that would otherwise make requests. In fact, secrecy for tax purposes has been sliced away over the last five years through the work of the Global Forum and the most significant barrier to greater EOI now is a lack of requests that would allow developing countries to collect more tax.

The Global Forum on Transparency and Exchange of Information is the world's largest tax organisation made up of 123 jurisdictions and countries. It is the world leader on transparency and exchange of information and has now taken on the role of monitoring the implementation of automatic exchange of information. Therefore, it is well-placed to team up with local African leadership to deliver a programme focused on tackling international tax evasion and building a legacy of greater EOI capacity across the continent.

### Experience to date

- The benefits of exchange of information remain relatively unknown and are under-utilised across the African continent.
- There are 17 African countries that are members of the Global Forum, representing just under a third of the continent. This number could be significantly increased as a result of this initiative.
- A challenge remains in unlocking the true potential of exchange of information for tax purposes at the domestic level and in engaging with relevant leaders in African countries on the benefits that exchange of information can bring. This means reaching an audience beyond those directly engaged in EOI by shifting attention upwards to engage with relevant leaders in African countries on the benefits that exchange of information can bring and downwards to help auditors and investigators pursue tax evasion effectively. The whole chain needs to be engaged.

### Outline

- The Africa Initiative is a joint effort of ATAF, CREDAF, the Global Forum, the OECD, the World Bank and individual African members of the Global Forum.





- The Africa Initiative will be steered by an Africa Taskforce comprising of representatives drawn from these bodies and countries.
- The Africa Initiative will be championed by an individual “Patron” who will be instrumental in promoting the initiative with African leaders. A number of potential candidates have been identified to be approached as patrons but have not yet been approached.

## Objectives

The initiative will span a period of 3 years with a focus on raising awareness predominantly in the first year (2015), moving gradually to the tools that are needed to build effective EOI systems in the second and third year (2016 and 2017). Separate funding will be sought from donor governments to finance the initiative’s activities. Participants in the Taskforce will also be encouraged to support the raising of the required funds.

The initiative is designed to address the following objectives:

- 1. Raising-awareness:** the need to raise awareness across Africa of the domestic and international benefits of the Global Forum’s standards as well as effective EOI (both on request and automatic) representing a front line tool in the fight against tax evasion, tax avoidance and illicit financial flows;
- 2. Building political buy-in:** the need to ensure that the compelling messages about the benefits of effective EOI are being delivered to the right individuals at the right level of seniority who have the ability to unlock its true potential in their home country;
- 3. Increasing membership:** the need to increase the number of African countries who are members of the Global Forum to ensure that countries engaged in or developing capacity on EOI have a seat at the table and a voice in the ongoing international debate;
- 4. Building capacity:** the need to build the capacity of tax administrations on EOI and tackle the persistent myths surrounding EOI;
- 5. Creating a legacy:** the need to leave behind a legacy of sustainable change on EOI in African tax administrations.