



Global Forum on Transparency  
and Exchange of Information for Tax Purposes



# Automatic Exchange of Information **Implementation Report 2018**



## *Executive summary*

In 2014, the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) adopted the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard), developed by the OECD working with G20 countries. To deliver a level playing field, the Global Forum launched a commitment process under which 100 jurisdictions committed to implement the AEOI Standard in time to commence exchanges in 2017 or 2018.

Exchanges accordingly commenced in September 2017 and a total of 86 jurisdictions are already exchanging financial account information automatically, marking a major shift in international tax transparency and the ability of jurisdictions to ensure tax compliance. This represents the vast majority of the jurisdictions that committed to implement the AEOI Standard. It also includes two developing countries that were not asked to commit to implement the AEOI Standard but which spontaneously committed commence exchanges under the AEOI Standard by 2018.

So far in 2018, these 86 jurisdictions have completed around 4,500 bilateral exchanges. Each exchange contains detailed information on the financial accounts held in the sending jurisdiction by tax residents of their partner jurisdictions. This milestone represents a major success, with even more jurisdictions expected to commence exchanges in the coming months.

This widespread move to the automatic exchange of information is particularly remarkable when it is considered that all the jurisdictions exchanging information had to (i) introduce detailed domestic rules requiring their financial institutions to collect and report the data to be exchanged, (ii) put in place international agreements with each of their partners to deliver the widespread networks necessary for automatic exchange, and (iii) put in place the technical solutions to link into the Common Transmission System (CTS) that was put in place by the OECD's Forum on Tax Administration and which is being managed by the Global Forum.

While the vast majority of the 100 jurisdictions committed to commence exchanges in 2017 or 2018 delivered on their commitments, an effective AEOI Standard based on a level playing field requires full delivery by all. As set out in this report, the remaining gaps are mostly due to delays in some jurisdictions putting in place the domestic legislative framework for the collection of the information or the international legal agreements required for the exchanges. The Global Forum is therefore working with the remaining jurisdictions to maintain the focus on the implementation and to complete the delivery of the commitments.

In addition to timeliness, the quality of implementation is also important. The Global Forum is therefore reviewing in detail each jurisdiction's domestic legislative frameworks to ensure their compliance with the AEOI Standard, as well monitoring the international legal frameworks being put in place to ensure the delivery of the commitments made. The Global Forum is also developing a peer review process to ensure the effective operation of the AEOI Standard in practice.

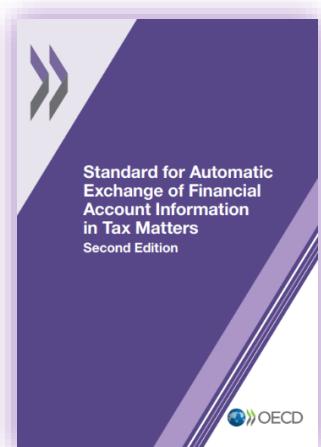
This is the second detailed annual report to be published by the Global Forum on the implementation status of those jurisdictions committed to implement the AEOI Standard. Its contents reflect the situation as at 22 November 2018. The latest developments can be found on each jurisdiction's website and/or on the AEOI Portal.

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## 1. Introduction and background

### 1.1. The genesis of the AEOI Standard

1. In a globalised world, with widespread international financial flows, international cooperation on tax compliance has become the norm. Central to this has been information sharing between tax authorities. Over many years, the Global Forum's Standard of Exchange of Information on Request (EOIR) has become fully ingrained and widely used. This provides for a framework for tax authorities to request and obtain information from their international partners on the offshore affairs of their taxpayers.
2. However, with the increasing mobility of people and finance, along with rapid technological change, the limitations of having to specifically request particular information became clear. Technological advancements also meant the widespread automatic exchange of information (AEOI) became increasingly viable as a tool to complement and reinforce EOIR and to provide greater tax transparency, further enhancing international cooperation to ensure tax compliance.
3. Consequently, the OECD, working with G20 countries and in close cooperation with other stakeholders, developed the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard). This AEOI Standard incorporates legal and technical requirements to provide for a complete and standardised model for the automatic exchange of a wide range of financial information, including information on assets and accounts held by banks, insurers and investment entities (such as funds and certain trusts) for offshore tax residents. This detailed and standardised approach maximises the potential benefits of the AEOI Standard while, at the same time, minimising costs for governments and financial institutions.
4. In addition to the significant deterrent effect of the move to AEOI, the implementation of the AEOI Standard has the potential to deliver a step change in the international community's ability to ensure tax compliance. Jurisdictions will automatically have much greater levels of information on the overseas financial activities and wealth of their taxpayers, including both individuals and entities.



### 1.2. Delivering a level playing field

5. Delivering the benefits of the AEOI Standard relies on there being a level playing field internationally, both in relation to its widespread adoption and in relation to the effectiveness in its implementation. The Global Forum's role is to support this.

#### 1.2.1. Step 1 – The widespread adoption of the AEOI Standard

6. In 2014, soon after the AEOI Standard was developed, recognising how it would complement its existing EOIR Standard, the Global Forum members endorsed it and put in place a process to deliver its global implementation through collective commitments to implement it to agreed timelines and to exchange information on a widespread basis.

### *The Global Forum's commitment process*

7. All Global Forum members, except developing countries that do not host a financial centre (recognising the particular challenges they face to implement AEOI and the lower risk they pose to the level playing field), were asked to commit to:

1. implement the AEOI Standard in time to commence exchanges from 2017 or 2018 at the latest; and
2. exchange information with all interested appropriate partners – being all those interested in receiving information and that meet the standards in relation to confidentiality and the proper use of data.

8. The commitment table below (Table 1) shows all the jurisdictions committed to exchanging information in 2017 or 2018, including 98 jurisdictions asked to commit and 2 others that committed spontaneously. The jurisdictions committing to exchange in 2017 opted to implement the AEOI Standard to an earlier timetable than many of their peers in order to lead the agenda and to share their experiences to assist others.

**Table 1. Status of commitments\***

JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2017 (49)
Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus**, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks and Caicos Islands, United Kingdom.
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018 (51)
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan***, The Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei Darussalam, Canada, Chile, China (People's Republic of), Cook Islands, Costa Rica, Curaçao, Dominica, Greenland, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Lebanon, Macau (China), Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan***, Panama, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, Uruguay, Vanuatu.

*Notes:*

\* The United States has undertaken automatic information exchanges pursuant to FATCA from 2015 and 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.

\*\* Note by Turkey: The information in the documents 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 recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in the documents relates to the area under the effective control of the Government of the Republic of Cyprus.

\*\*\* These jurisdictions were not asked to commit to 2018 exchanges, but did so spontaneously.

8. All jurisdictions asked to commit to the Global Forum’s AEOI Standard have now done so, except the United States. As of 2015, the United States exchanges certain information automatically pursuant to its various Model 1 FATCA intergovernmental agreements, which includes recognition by the government of the United States of the need to achieve full reciprocity. Also, while not asked to do so under the commitment process, Kuwait nevertheless committed to exchange information in 2018, but has postponed its date of first exchange to 2019.

#### *Developing countries*

9. Developing countries that do not host a financial centre were not asked to commit to the same timelines, recognising the particular challenges they face to implement AEOI and the lower risk they pose to the level playing field. They were instead invited to participate in a pilot project to assist them in implementing AEOI. Five pilot projects are underway to assist developing countries, in partnership with developed countries (Albania and Italy; Georgia and Germany; Ghana and the United Kingdom; Morocco and France; and the Philippines and Australia). The pilot project between Colombia and Spain came to a successful conclusion with Colombia exchanging information under the AEOI Standard in September 2017 as has the pilot project between the United Kingdom and Pakistan, with Pakistan commencing exchanges in 2018.

10. The results of 2018 therefore also show that AEOI can benefit developing countries, with Azerbaijan, and Pakistan commencing exchanges in 2018 and exchanging with 33 and 40 partners respectively. This is despite them not being asked to commit to implement the AEOI Standard by a certain date but doing so spontaneously.

11. It is also anticipated that other developing countries will commence exchanges in the coming years. Ghana originally expected to exchange information in 2018, but has since postponed its date of first exchange to 2019. Nigeria has announced they would look to commence exchanges in 2019, while Albania, Peru and the Maldives intend to commence exchanges in 2020.

12. The Global Forum has published its developing country strategy, the Global Forum’s Plan of Action for Developing Countries Participation in AEOI, which contains further details on the approach taken to ensure developing countries can benefit from the AEOI Standard. Other developing countries have come forward in response to this plan of action and assistance is being provided to help ensure they can benefit from this step forward in tax transparency.

#### *The focus of this report*

13. The rest of this report focuses on the delivery of the commitments by the 98 jurisdictions that committed to implement the AEOI Standard in time to commence exchanges in 2017 or 2018 after being asked to do so as part of the Global Forum’s commitment process (i.e. these 98 jurisdictions are the ones referred to herein when using the term “jurisdictions”). This is because they are the current focus in the context of the Global Forum’s monitoring work to ensure the delivery of the commitments made under its commitment process.

#### ***1.2.2. Step 2 – monitoring the timely delivery of the commitments made***

14. Following the launch of the commitment process, the Global Forum put in place a monitoring mechanism to track the delivery of all the key milestones in the implementation of the AEOI Standard (including in response to a specific request by the G20 to monitor and

review the implementation of the AEOI Standard). The status of implementation by those committed to commence the exchange of information in 2017 or 2018 are set out in the following sections of this report.

#### ***1.2.3. Step 3 – reviewing the quality of the implementation of the AEOI Standard***

15. The quality of implementation is also important to ensure an effective AEOI Standard based on a level playing field. The Global Forum is therefore conducting peer reviews to ensure this.

##### *Initial reviews under the “Staged Approach”*

16. To assess the quality of implementation, the Global Forum put in place the “Staged Approach”, which, in addition to monitoring the timely delivery of the commitments made, includes reviews of key areas of AEOI implementation that can be assessed prior to exchanges taking place. The reviews being carried out are set out below and further details are contained in Annex A.

1. The Global Forum has already conducted assessments of all jurisdictions exchanging information with respect to the confidentiality and data safeguard frameworks they have in place to ensure the required standards are met and that the jurisdictions can therefore receive information under the AEOI Standard. Assistance is provided where needed to close the gaps identified. A Terms of Reference and Methodology has also been agreed for post-exchange assessments for confidentiality and data safeguards.
2. The Global Forum has now reviewed the vast majority of the jurisdictions’ domestic legislative frameworks implementing the AEOI Standard. Many jurisdictions have also already amended their domestic legal frameworks to address the recommendations made.
3. The Global Forum is also reviewing the conformity of each jurisdiction’s list of non-reporting financial institutions and excluded accounts with the AEOI Standard. Around 350 jurisdiction-specific institutions and accounts are being reviewed, with the process expected to be completed by the end of 2018.
4. In addition, the Global Forum monitors the exchange networks being put in place to ensure each jurisdiction is able to exchange information with all interested appropriate partners within the committed timelines, and it has a mechanism in place to address any gaps.
5. Finally, the Global Forum is monitoring the putting in place of the necessary IT and operational procedures to ensure the data can be exchanged on time.

##### *Reviews of the effectiveness of the operation of the AEOI Standard in practice*

17. Once exchanges are taking place, it will be possible to carry out full peer reviews of whether the AEOI Standard has been implemented effectively and is operating effectively in practice. This includes whether it is ensured that financial institutions are properly carrying out their obligations. To this end, at its 2018 plenary meeting, the Global Forum adopted the Terms of Reference for the future reviews of the implementation of the AEOI Standard as well the next steps in the process to put in place a framework to ensure the effectiveness of each jurisdiction’s implementation of the AEOI Standard in practice.

### **1.3. This AEOI Implementation Report**

18. The G20 and Global Forum members have repeatedly called not only for the close monitoring by the Global Forum of the implementation of the AEOI Standard, but also to report on progress made to ensure the delivery of the level playing field. Detailed public reporting began in 2017, when the first exchanges took place amongst around half of the jurisdictions committed to implement the AEOI Standard. In total 98 jurisdictions committed to implement the AEOI Standard and were expected to exchange information with their interested appropriate partners commencing in 2017 or 2018. Part 2 of this second annual implementation report therefore sets out a summary of the delivery of the commitments made showing the jurisdictions that exchanged information in 2018. The subsequent parts of the report then set out the broad requirements to implement the AEOI Standard before setting out the delivery by each jurisdiction of each of the key elements to AEOI implementation.

19. The contents of this report reflect the situation as of 22 November 2018. The latest developments regarding AEOI implementation can be found online on relevant official government websites and/or on the AEOI Portal.

## 2. The delivery of exchanges in 2018

20. This Part of the report provides an overview of the delivery of the exchanges in 2018. It shows significant successes in the delivery of the commitments made, ushering in a new era of tax transparency where the automatic exchange of financial information for tax purposes is the norm. It also sets out how additional jurisdictions are expected to commence exchanges in the near future. This will result in the scale of exchanges increasing even further in 2019.

21. Overall, following the commencement of exchanges in 2017, 84 jurisdictions have automatically exchanged information with their partners so far in 2018 (86 when including the developing countries not invited to commit to implement the AEOI Standard to a particular timeline – see paragraph 11 above). This is a major success, with even more jurisdictions expected to commence exchanges in the coming months. This marks the start of a new era in tax transparency where governments are much better equipped to ensure compliance by their taxpayers who hold financial assets offshore. Table 2 sets out the information on the delivery of exchanges by each jurisdiction as reported by member jurisdictions of the Global Forum.

**Around 4,500 exchanges took place in 2018, by the vast majority of jurisdictions committed to do so, and more will exchange shortly**

22. Part 1 of Table 2 also sets out the number of partner jurisdictions to which each jurisdiction sent information. This shows that the exchanges that took place were also widespread, meaning that the vast majority of jurisdictions exchanged information with a very large number of partner jurisdictions. The breadth of these exchanges represents major progress in international tax transparency.

23. It should be noted that it is fully expected that a particular jurisdiction may have sent information to many fewer partners than all other 97 jurisdictions in 2018. This is because there are a number of understandable reasons for jurisdictions not to send information to all other jurisdictions. The number of exchanges is therefore dependent on various factors specific to each jurisdiction. Firstly, the number of exchange partners a jurisdiction has is driven by the number of jurisdictions interested in receiving information from that jurisdiction. As an example, some jurisdictions do not wish to receive information. This includes 11 jurisdictions that do not have systems for direct taxation and exchange information only on a non-reciprocal basis (i.e. they send but do not receive information).<sup>1</sup> Secondly even where a jurisdiction is interested in receiving information, it must have put in place the complete domestic and international frameworks before it can commence exchanges. As set out in Part 3 of Table 2 below, 10 jurisdictions still do not have the necessary frameworks in place. Thirdly, information is not expected to be sent to jurisdictions that do not have the AEOI confidentiality and data safeguard standards in place, until the issues are addressed. While, it is possible that these issues could be resolved in the near future,

<sup>1</sup> Anguilla, The Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Marshall Islands, Nauru, Qatar, Turks and Caicos Islands and United Arab Emirates

allowing for exchanges in 2018, it will generally take more time (e.g. where they do not have the domestic legislative framework in place for the collection of the information).

24. Even where jurisdictions have in place the domestic and international legal frameworks, as reflected in Table 2, there have been some transitional issues in relation to the exchanges in 2018, some of which will be addressed in the near future. Part 2 of Table 2 shows the jurisdictions that have not yet completed their technical implementation of the AEOI Standard, consisting in large part of successfully linking in to the Common Transmission System (CTS) set up by the OECD’s Forum on Tax Administration and managed by the Global Forum. This is generally the final step in the implementation process. At least some of these jurisdictions are therefore expected to shortly commence exchanging information.

25. Finally, where jurisdictions have commenced exchanges, the most significant constraint on the scale of those exchanges has been the interaction between potential partner jurisdictions’ domestic implementation timelines. This has sometimes meant that the legal basis for the exchanges could not be put in place in time to meet the 2018 exchange deadline. This is often because the date from which some jurisdictions were ready to exchange information was too late for their potential partners to require the additional information to be reported by their financial institutions for exchange, which can be exacerbated where a partner has a non-calendar tax year. These issues are transitional in nature and should be addressed in time for exchanges to commence in 2019. In fact, financial institutions in most jurisdictions are already collecting the information necessary for exchanges to increase next year, and some jurisdictions have also already activated the exchange agreements to enable the exchanges.

26. It should also be noted that Part 1 of Table 2 only shows the actual exchanges that took place in 2018 (with the paragraphs above providing the context for the information therein). It does not provide an assessment of the quality of the information exchanged, which the receiving jurisdictions are currently processing and utilising. The quality of the information exchanged can therefore only be assessed at a later stage.

**Table 2. Exchanges that took place in 2018**

Note, paragraphs 10-14 above address developing countries that were not asked to commit to implement the AEOI Standard to a particular timeline – they are therefore not included below. These are Azerbaijan that sent information to 33 partners and Pakistan that sent information to 40 partners.

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#### PART 1: JURISDICTIONS THAT HAVE EXCHANGED INFORMATION SO FAR

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Jurisdiction	Number of partners that each jurisdiction sent information to in 2018
1. Andorra	39
2. Anguilla	3*
3. Argentina	54
4. Aruba	50
5. Australia	55
6. Austria	46
7. Bahamas	36
8. Bahrain	36
9. Barbados	56

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10. Belgium	64
11. Belize	47
12. Bermuda	52
13. Brazil	55
14. British Virgin Islands	50
15. Bulgaria	58
16. Canada	56
17. Cayman Islands	56
18. Chile	47
19. China (People's Republic of)	50
20. Colombia	58
21. Cook Islands	44
22. Costa Rica	48
23. Croatia	59
24. Curaçao	55
25. Cyprus	59
26. Czech Republic	59
27. Denmark	64
28. Estonia	61
29. Faroe Islands	56
30. Finland	64
31. France	61
32. Germany	62
33. Gibraltar	51
34. Greece	61
35. Greenland	56
36. Grenada	40
37. Guernsey	59
38. Hong Kong, China	36
39. Hungary	57
40. Iceland	58
41. India	58
42. Indonesia	57
43. Ireland	64
44. Isle of Man	55
45. Italy	62
46. Japan	53
47. Jersey	57
48. Korea	58
49. Latvia	56
50. Lebanon	27
51. Liechtenstein	50
52. Lithuania	61
53. Luxembourg	64
54. Macau (China)	34
55. Malaysia	41
56. Malta	59

<b>57. Mauritius</b>	54
<b>58. Mexico</b>	58
<b>59. Monaco</b>	34
<b>60. Nauru</b>	46
<b>61. Netherlands</b>	59
<b>62. New Zealand</b>	55
<b>63. Norway</b>	61
<b>64. Panama</b>	32
<b>65. Poland</b>	64
<b>66. Portugal</b>	64
<b>67. Romania</b>	59
<b>68. Saint Kitts and Nevis</b>	25
<b>69. Saint Lucia</b>	38
<b>70. Samoa</b>	45
<b>71. San Marino</b>	56
<b>72. Saudi Arabia</b>	54
<b>73. Seychelles</b>	54
<b>74. Singapore</b>	49
<b>75. Slovak Republic</b>	61
<b>76. Slovenia</b>	62
<b>77. South Africa</b>	57
<b>78. Spain</b>	64
<b>79. Sweden</b>	61
<b>80. Switzerland</b>	36
<b>81. Turks and Caicos Islands</b>	44
<b>82. United Arab Emirates</b>	41
<b>83. United Kingdom</b>	60
<b>84. Uruguay</b>	57

**PART 2: JURISDICTIONS THAT HAVE NOT YET EXCHANGED INFORMATION  
BECAUSE THEIR TECHNICAL IMPLEMENTATION IS ONGOING**

Jurisdiction	Technical implementation status
<b>1. Marshall Islands</b>	Transmission delayed
<b>2. Montserrat</b>	Testing phase in the CTS
<b>3. Russia</b>	Transmission delayed
<b>4. Saint Vincent and the Grenadines</b>	Testing phase in the CTS

**PART 3: JURISDICTIONS THAT HAVE NOT YET EXCHANGED INFORMATION  
BECAUSE THEIR LEGAL IMPLEMENTATION IS ONGOING**

Jurisdiction	Legal implementation status
<b>1. Antigua and Barbuda</b>	International legal framework not in place
<b>2. Brunei Darussalam</b>	International legal framework not in place
<b>3. Dominica</b>	Domestic and international legal framework not in place
<b>4. Israel</b>	Domestic and international legal framework not in place
<b>5. Niue</b>	International legal framework not in place
<b>6. Qatar</b>	International legal framework not in place
<b>7. Sint Maarten</b>	Domestic and international legal framework not in place

<b>8. Trinidad and Tobago</b>	Domestic and international legal framework not in place
<b>9. Turkey</b>	International legal framework not in place
<b>10. Vanuatu</b>	International legal framework not in place

\* Anguilla only recently commenced exchanges and expects to soon send information to more partners.

27. These results show that, with the vast majority of jurisdictions successfully moving to widespread AEOI, there has been significant progress in international cooperation on tax transparency. However, in order for the AEOI Standard to be effective it must be based on a level playing field. It is important that the issues causing the delays are addressed so all jurisdictions are exchanging in full.

28. AEOI exchanges are the culmination of the successful implementation by each jurisdiction of several legal and technical requirements both at the domestic and international level. The subsequent parts of this report therefore set out in further detail what each requirement to implement the AEOI Standard is, what has been achieved and what still remains to be done.

29. The Global Forum will continue to monitor each aspect of implementation to ensure the full delivery of the commitments made and provide assistance where needed.

### **3. Requirements to deliver the commitments to implement the AEOI Standard**

#### **3.1. The requirements**

18. Three primary elements are needed to implement the AEOI Standard:

##### ***3.1.1. Putting in place the complete domestic legal framework containing the due diligence and reporting rules***

30. A domestic legislative framework must be in place requiring financial institutions to collect and report the information:

1. It should be in effect from 1 January (or from the start of another appropriate reporting period) prior to the year of exchange, from which financial institutions should begin collecting self-certifications (including the account holder's tax residency and tax identification number) upon the opening of new accounts. This is also the start of the period within which all pre-existing accounts must be analysed and reported for exchange as required.
2. It should require the collection and reporting of information in time for exchange.

##### ***3.1.2. Putting in place and activating the legal and operational framework for exchanges***

31. An international legal framework must be in place allowing for the automatic exchange of the information with all interested appropriate partners within the committed timeline:

1. An underlying legal gateway for exchange should be in place for the period of exchange, which can be multilateral, e.g. the multilateral Convention on Mutual Administrative Assistance in Tax Matters ("the Multilateral Convention") or bilateral, e.g. Double Tax Conventions or Tax Information Exchange Agreements providing for AEOI.
2. An administrative agreement is also generally required between jurisdictions, setting out the details of the exchanges. This can also be multilateral, such as the CRS Multilateral Competent Authority Agreement (CRS MCAA) with respect to the AEOI Standard, which relies on the Convention, or it can also be a bilateral agreement.

32. The complete international legal framework must be in place in time for exchanges with all interested appropriate partners. This generally includes the legal instrument, the administrative agreement and any necessary procedures for the timely activation of the bilateral exchange relationships.

33. Once the international legal framework is in place, in order for it to be used for exchanges, it generally requires specific activation between each partner. The CRS MCAA in particular requires activation with respect to each bilateral exchange relationship. This includes confirmations being provided that legislative, operational and confidentiality requirements are also in place.

### ***3.1.3. The technical operationalisation of the exchanges***

34. Operational and IT aspects also need to be implemented to provide for the exchanges. This element includes ensuring the IT and operational aspects are in place to receive the information from financial institutions and to transmit it to each exchange partner. This generally culminates in the use of the CTS developed by the OECD's Forum on Tax Administration and managed by the Global Forum.

35. This report will therefore analyse each of these aspects with respect to exchanges completed in 2018, which is the year by when all those committed to implement the AEOI Standard agreed to exchange (i.e. the first year where there should be a level playing field with respect to AEOI).

## 4. Putting in place the requirements to deliver the exchanges

### Box 4.1.

#### Expectations in relation to 2018 exchanges

##### The domestic legal framework for 2018 exchanges

1. The domestic legislative framework should have been in effect from 1 January 2017 (although the Global Forum agreed that jurisdictions could have it in effect from 1 July 2017 if needed).
2. The domestic legal framework should be correctly implemented.

##### The international framework for 2018 exchanges

3. The international legal framework should have been in place in time for exchanges by the end of September 2018, including having the legal basis for exchanges and operational agreements in effect.
4. The international agreements should have been activated between interested appropriate partners in time for exchanges by the end of September 2018.

##### Operationalisation of the exchanges in 2018

5. All jurisdictions should have signed up to the CTS and completed the necessary testing, or have agreed other transmission methods bilaterally.
6. Ultimately the data should have been transmitted to each exchange partner (that is not a non-reciprocal jurisdiction) by the end of September 2018.

### 4.1. Implementation of the requirements for 2018 exchanges

#### *4.1.1. Timeliness in the implementation of the domestic legislative framework*

36. To meet the commitment to exchange information under the AEOI Standard in 2018, jurisdictions needed to put in place domestic legislation requiring financial institutions to implement due diligence procedures by 1 January 2017. While most jurisdictions met the deadline, some experienced challenges and delays.

**94 jurisdictions have the complete domestic legal framework in place**  
**4 jurisdictions still do not**

37. To recognise the challenges faced, at its 2016 Plenary the Global Forum agreed that the collection of data for AEOI starting from 1 July 2017 was sufficient to meet the commitment to exchange in 2018. Jurisdictions made an additional effort to put legislation in place, including requiring retroactive rules to implement new account

procedures from 1 July 2017 where possible, and the vast majority of jurisdictions were able to put the necessary domestic legislative framework in place. However, a few jurisdictions have yet to complete the process and therefore have not met their commitment for 2018 exchanges. They are set out in Table 3 below.

**Table 3. Jurisdictions without the complete domestic legislative framework in place<sup>2</sup>**

Jurisdiction	Primary legislation	Secondary legislation/regulations
1. Dominica	Not yet in place	Not yet in place
2. Israel	In place	Not yet in place
3. Sint Maarten	Not yet in place	Not yet in place
4. Trinidad and Tobago	Not yet in place	Not yet in place

#### **4.1.2. Reviewing the legislative frameworks being put in place**

38. As part of the Staged Approach to ensure the effective implementation of the AEOI Standard, the Global Forum is assessing the domestic legislative frameworks being put in place by all implementing jurisdictions. This includes all of the key elements of the reporting and due diligence rules, as well as any jurisdiction-specific exemptions provided in relation to specific financial institutions or financial accounts, where they are seen as posing a low risk of being used for tax evasion. Where gaps are identified or non-compliant exclusions provided for, then recommendations are made to address the issues as soon as possible.

39. The vast majority of the reviews of the due diligence and reporting rules in all jurisdictions and over 250 exclusions are being carried out and are expected to be completed by the end of 2018. According to the process in place, jurisdictions should address any gap identified as soon as possible and report to the Global Forum every 12 months on the progress made.

#### **4.1.3. The scope of the reporting obligations**

40. Even where the domestic legal framework is in place, an element to the framework is specifying the jurisdictions with respect to which financial institutions are required to report information (i.e. the reportable jurisdictions). This should ultimately provide for exchange with all interested appropriate partners from the date committed to. The approach to this aspect to implementation differs, with some jurisdictions requiring the reporting of information with respect to all non-residents and others specifying a particular list of jurisdictions driven by their list of exchange partners.

41. In most cases, the reporting in 2018 was sufficient to deliver widespread exchanges between all or almost all jurisdictions that were interested in receiving information from each other and that had completed the required implementation steps. Most of the gaps can be explained by a partner jurisdiction being only ready to exchange information from a date beyond which the potential partner could amend its list of reportable jurisdictions.

**92% coverage of  
interested partners in  
the domestic data  
reporting where  
partners have the  
international legal  
framework in place**

<sup>2</sup> Note that Russia and Saudi Arabia implemented the due diligence procedures in their domestic legislative framework commencing from a date beyond the 1 July 2017 date agreed by the Global Forum. However, both frameworks require the collection and reporting of some information in time for exchanges in 2018.

42. Jurisdictions should therefore ensure that their lists of reportable jurisdictions for exchanges in 2019 support exchanges with their interested appropriate partners from the date committed to.

#### ***4.1.4. Timeliness in the implementation of the international legal framework***

43. To meet their commitments to exchange in 2018, jurisdictions needed to have in place an international legal framework that allowed for exchanges in accordance with the AEOI Standard.

44. The international legal framework comprises a legal basis for AEOI and operative-level competent authority agreement that contain the details of the exchanges. The international agreements should have been activated with each interested appropriate partner in time for exchanges by the end of September 2018. The preferred approach by far are the multilateral instruments: the multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention) and the CRS Multilateral Competent Authority Agreement (the CRS MCAA). 88 jurisdictions have both of these instruments in place; Table 4 below shows those that are still in the process of doing so.

**88 jurisdictions have the complete international legal framework in place**  
**10 jurisdictions are still in the process**

**Table 4. Jurisdictions that do not yet have the international legal framework in place**

Jurisdiction	Convention	MCAA
1. Antigua and Barbuda*	Ratified but not in force	Signed but not activated
2. Brunei Darussalam	Signed but not ratified	Not Signed
3. Dominica**	Not signed	Not Signed
4. Israel**	In place	Signed but not activated
5. Niue	In place	Signed but not activated
6. Qatar*	Ratified but not in force	Signed but not activated
7. Sint Maarten**	In place	Signed but not activated
8. Trinidad and Tobago**	Not signed	Not Signed
9. Turkey	In place	Signed but not activated
10. Vanuatu*	Ratified but not in force	Signed but not activated

\* Note: These jurisdictions have completed all necessary steps for activating the international legal framework for exchanges but are waiting for the Convention to come into force under the timelines set out therein.

\*\* Note that Dominica, Israel, Sint Maarten and Trinidad and Tobago also do not have the domestic legislative framework in place requiring the collection of the information.

### *The Convention*

45. Of those jurisdictions that have not yet put in place the international legal framework, four jurisdictions have the Convention in force and a further four jurisdictions have signed but not yet ratified the Convention or have ratified the Convention but have not yet brought it into force. The remaining two jurisdictions have started the process to join the Convention but have not yet signed it. The Global Forum is working closely with these jurisdictions to ensure they join the international agreements and are able to exchange information with partners as soon as possible.

**91% coverage of activated exchange relationships between interested partners where partners have the international legal framework in place**

46. Because of the coming into force rules contained in the Convention, to be able to exchange information relating to a tax period starting from 1 January 2017 (which was expected to be exchanged in September 2018), jurisdictions generally needed to have ratified the Convention by the end of August 2016 at the latest.<sup>3</sup> Some jurisdictions were late to ratify the Convention for 2018 exchanges. In these cases, to deliver the commitment made, the Convention can be brought into effect for periods earlier than which it otherwise would through depositing a declaration on the coming into force of the Convention or by entering into equivalent bilateral agreements with each exchange partner. Some jurisdictions relied on such a mechanism for exchanges in 2018.

### *The CRS MCAA*

47. With respect to the CRS MCAA, which relies on the Convention being in force, almost all of those commencing exchanges in 2018 have signed it, although three jurisdictions have not. Where the jurisdiction does not have the Convention in force, the CRS MCAA cannot be activated. These jurisdictions are therefore expected to activate the CRS MCAA once the Convention has come into force for them.

48. In order to provide the basis for the actual exchanges, the CRS MCAA must then be activated for exchange in relation to each bilateral exchange partner (i.e. the exchanges themselves take place on a bilateral basis), or an equivalent agreement needs to be put in place. In most cases, the bilateral activations of the agreements were sufficient to provide a basis for exchanges between all or almost all jurisdictions that were interested in receiving information from each other and that had completed the required implementation steps.

49. While most jurisdictions successfully activated exchange relationships with all interested partners for exchanges in 2018, some experienced issues that, in some cases, led to delays. For example, to activate an exchange agreement, a jurisdiction's potential partner must also be ready to activate the agreement. Some jurisdictions had lengthy processes to

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<sup>3</sup> The entry into force rules of the Convention state that it takes effect in relation to a Party on the first day of the month following the expiration of a period of three months after the date of the deposit of the instrument of ratification. Once in force, the Convention is effective for taxable periods beginning on the following 1 January. The taxable period for 2018 exchange is generally the calendar year 2017, so the Convention needed to be in effect from 1 January 2017. The general deadline for bringing the Convention into effect is accelerated in the case of non-calendar tax years as the taxable period at the start of 2017 would have commenced in 2016.

bring the Convention into force or to deposit the declaration bringing forward the date of effect of the Convention so were delayed putting in place the international legal framework. The issue can be exacerbated where an exchange partner has a non-calendar tax year. Certain other jurisdictions implemented an action plan to address gaps in their confidentiality frameworks in 2018, and were only recently reassessed to show that the recommendations had been successfully addressed. It was sometimes therefore not possible to activate agreements with these jurisdictions in time for exchange in 2018. Exchanges with these jurisdictions will therefore be more widespread in 2019.

50. Jurisdictions should therefore ensure that their activated exchange networks support exchanges with all interested appropriate partners.

#### ***4.1.5. Operationalising the AEOI Standard***

51. All jurisdictions that have their domestic and international legal frameworks in place have decided to use the CTS in order to securely exchange information, and have successfully enrolled into the system. They were required to go through testing before exchanging information with their exchange partners (i.e. before entering the production environment in the CTS). Not all jurisdictions have completed this process.

52. Table 5 below shows the status of the jurisdictions that are still in the process to enter the production environment in the CTS in order to commence exchanging information. These jurisdictions should complete the necessary steps to put in place a transmission method to support the exchanges commencing as soon as possible. The other jurisdictions contained in Part 2 of Table 2 and that are not shown in Table 5 below are ready to exchange using the CTS so could commence exchanges in the immediate future.

**89 jurisdictions  
ready to exchange  
using the CTS**  
**9 jurisdictions are  
delayed**

**Table 5. Jurisdictions that are not yet ready to transmit information through the CTS**

Jurisdiction	CTS status
1. Brunei Darussalam*	Have not yet signed the CTS user agreement
2. Dominica*	Have not yet signed the CTS user agreement
3. Montserrat	Testing phase
4. Niue*	Have signed the CTS user agreement
5. Saint Vincent and the Grenadines	Testing phase
6. Sint Maarten*	Have not yet signed the CTS user agreement
7. Trinidad and Tobago*	Have not yet signed the CTS user agreement
8. Turkey*	Have signed the CTS user agreement
9. Vanuatu*	Have signed the CTS user agreement

\* These jurisdictions also do not yet have the necessary domestic or international legal frameworks in place and are therefore shown in Part 3 of Table 2.

#### **4.1.6. Transmitting the information**

53. As set out in Part 2, 84 jurisdictions automatically exchanged information with their partners in 2018 (86 when including the developing countries not invited to commit to implement the AEOI Standard to a particular timeline – see paragraph 11 above).

54. While this means that almost all jurisdictions that were ready to exchange information using the CTS successfully exchanged information with all jurisdictions with which they had exchange agreements in place, there have been some delays. These delays are generally for technical reasons and the jurisdictions in question are working to resolve them as quickly as possible in order to exchange the information as soon as possible.

**98% of exchanges have taken place so far where partners have the legal and technical elements in place**

### **4.2. A note on 2019 exchanges**

#### **4.2.1. Completing the requirements for exchanges**

55. Jurisdictions that still do not have the necessary legal frameworks in place (as shown in Tables 3 and 4) are already significantly delayed and should make the necessary efforts as a matter of urgency to complete all the requirements to exchange information with partners as soon as possible. Any further delays could also impact 2019 exchanges.

56. This includes jurisdictions putting in place the domestic legislative frameworks to ensure financial institutions collect and report information and reviewing the exchange relationships they have activated to include the full list of partners that have expressed their interest in receiving information and that meet the standards with respect to confidentiality and data safeguards (i.e. interested appropriate partners).

#### **4.2.2. Data collection for 2019 exchanges**

57. It should be noted that, in general, financial institutions are already collecting information that will support more widespread exchanges in 2019. This is because jurisdictions have most commonly required financial institutions to collect information with respect to all non-residents. It is therefore expected that the scale of exchanges will increase in 2019.

58. Some jurisdictions instead require their financial institutions to collect information with respect to a specific list of partners. This has led to constraints in the exchanges in 2018 as the list of reportable jurisdictions was fixed prior to 2017 (i.e. prior to the collection of the information for exchange in 2018). In these cases, the jurisdictions have issued new lists of reportable jurisdictions for the collection of the information for exchange in 2019. There is therefore already some visibility over the scope of possible data exchanges for these jurisdictions in 2019. These expanded lists of reportable jurisdictions reflect the Global Forum's engagement with the jurisdictions concerned to ensure that the information collection takes into account the exchange partners interested in receiving information.

59. Table 6 below therefore sets out, for jurisdictions where financial institutions are collecting information for exchange with fewer than all other potential partner jurisdictions, the number of jurisdictions for which information is being collected for exchange in 2019 (as

compared against the information collected for exchange in 2018). For the jurisdictions not included in Table 6, information is already being collected with respect to all other potential partner jurisdictions.

**Table 6. Expansion of AEOI data collection from 2018 to 2019 exchanges\***

Jurisdiction	Number of partners for which data was collected by financial institutions that could be exchanged in 2018	Number of partners for which data is being collected by financial institutions that could be exchanged in 2019
1. Andorra	39	All non-residents
2. Austria	53	79
3. Barbados	76	76
4. Croatia	78	83
5. Czech Republic	75	78
6. Hong Kong, China	69	70
7. Hungary	74	78
8. Korea	58	86
9. Latvia	85	86
10. Liechtenstein	55	76
11. Portugal	83	83
12. Qatar	53	58
13. Romania	70	70
14. Slovak Republic	73	77
15. Switzerland	38	72

Notes:

It is not necessary for a jurisdiction to collect information in relation to all other 97 jurisdictions. 11 jurisdictions do not have a direct tax system and do not receive information (i.e. other jurisdictions will not collect information in relation to them). Also note that the developing countries that spontaneously committed to implement the AEOI Standard have not been taken into account in this table.

\* Whether the information collected by financial institutions is exchanged will depend on the reporting obligations on them and the exchange agreements in place.

#### **4.2.3. Putting in place agreements for 2019 exchanges**

60. Given the transitional issues mentioned above in relation to the putting in place of agreements for exchanges in 2018, many jurisdictions have already activated agreements for exchange from 2019. This is expected to increase as further agreements are activated in advance of the exchanges next year resulting in more widespread exchanges taking place in 2019.

### **4.3. Conclusions**

61. The monitoring results in relation to those jurisdictions that exchanged by the end of September 2018 (the deadline for jurisdictions to exchange under the Global Forum's commitment process), or soon after, show the wide-scale and successful delivery of all of the key milestones to implement the AEOI Standard, culminating in the actual exchanges themselves. This is the result of years of intensive work and focus to put in place all that is

required to commence AEOI as committed to. As a result, AEOI is now a reality and a powerful tool to improve tax compliance is up and running. This represents a significant step forward in international cooperation on tax transparency, ushering in a new era where the automatic exchange of financial information for tax purposes is the norm.

62. However, in order for the AEOI Standard to be effective it must be based on a level playing field. Several jurisdictions still have more to do in this regard, whether in relation to the legal or technical frameworks required. The Global Forum will therefore continue to closely monitor the situation to ensure the full delivery of the commitments, providing assistance where needed.

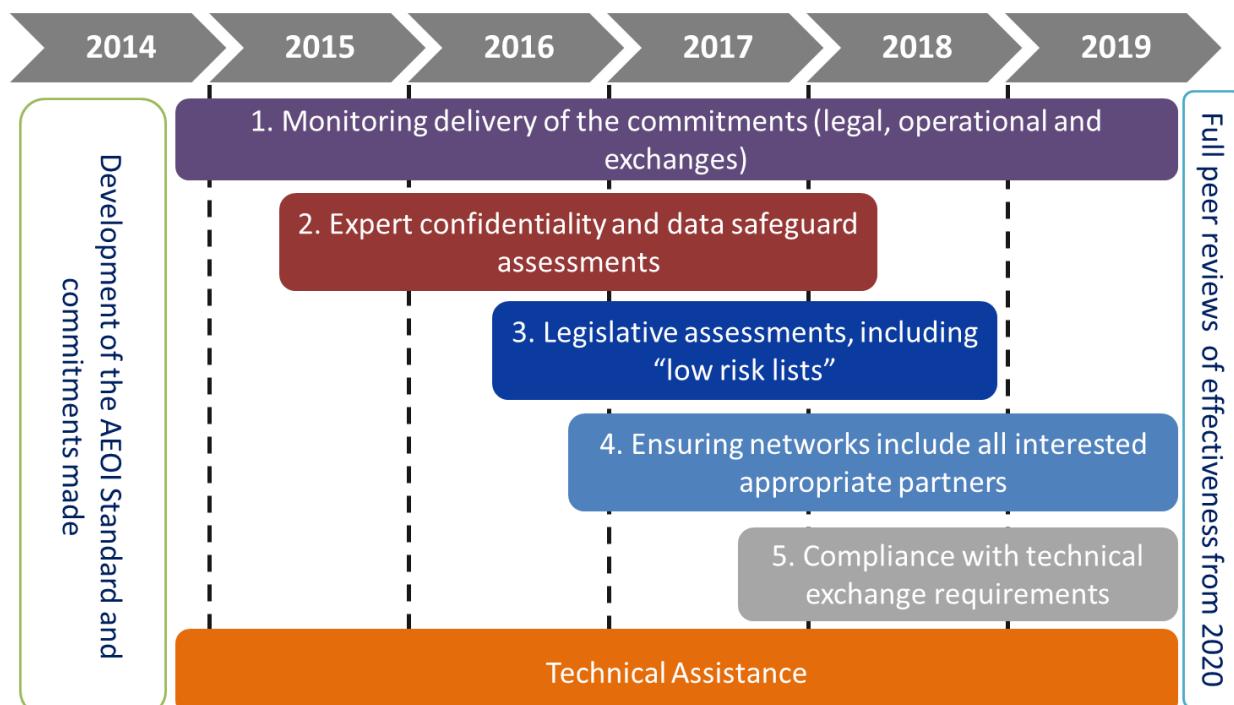
63. The next step is ensuring the effectiveness of the AEOI Standard. To this end, the Global Forum will soon complete its assessment of the domestic and international legal frameworks in place to ensure their compliance with the detailed requirements of the AEOI Standard and the commitments made. The Global Forum has also already agreed on a Terms of Reference for the future reviews of the implementation of the AEOI Standard as well as the next steps in the process to put in place a framework to ensure the effectiveness of each jurisdiction's implementation of the AEOI Standard in practice. This includes ensuring that financial institutions comply with their obligations and report complete and accurate information.

## **Annex A. The Staged Approach. Monitoring, assessing and supporting the implementation of the AEOI Standard**

### **Monitoring, assessing and supporting the implementation of the AEOI Standard**

1. In recognition that full reviews of the effectiveness of the implementation of the AEOI Standard could only take place once exchanges are taking place, the Global Forum put in place a “Staged Approach” to monitor, assess and assist in the implementation of the AEOI Standard.
2. Laying at the centre of the approach is the identification of the key areas of the implementation of the AEOI Standard. These can be monitored or assessed in advance of exchanges taking place, to identify and address any issues early on and to help ensure effective implementation from the start.
3. Outlined in the Figure below is each module of the Staged Approach. These are described in further detail below.

**Figure A A.1. The Staged Approach**



1. **Commitments and monitoring implementation** – Various key implementation areas are tracked through the requirement for members to provide regular updates to the Global Forum on their progress. This also allows the identification of assistance needs, on domestic legislation, international agreements, information technology systems and administrative infrastructure. The results of this process have been used to provide regular internal monitoring reports to Global Forum members and the G20, as well as to produce this report.

**2. Expert confidentiality and data safeguard assessments** – Each jurisdiction is assessed by a panel of experts from member jurisdictions in relation to the confidentiality and data safeguard standards to ensure they meet the requirements prior to the jurisdiction receiving information. Assistance is provided where necessary.

**3. Legislative assessments, including low-risk lists** – Before exchanges, the domestic legislative frameworks that have been put in place are also being reviewed. A peer review process of legislative gap analysis is undertaken to ensure all the key elements of the AEOI Standard are reflected in each jurisdiction’s domestic legal framework. This includes the assessment of each jurisdiction’s specific lists of non-reporting financial institutions and excluded accounts to ensure their conformity with the AEOI Standard. Where gaps are found then recommendations are made. This should be complete in 2018.

**4. Ensuring networks include interested appropriate partners** – Each commitment to implement the AEOI Standard includes a commitment to exchange information with “all Interested Appropriate Partners”. The Global Forum has a process to monitor the putting in place of exchange agreements between partners, to facilitate further agreements where partners are interested, and a peer review process to determine how to address any gaps.

**5. Compliance with the technical exchange requirements** – Each jurisdiction’s technical readiness to exchange is also being monitored in detail.

**6. Technical assistance** – Meanwhile, throughout the implementation period, the Global Forum has been providing technical assistance where needed.

**7. Reviews of the effectiveness of the implementation of the AEOI Standard** – Ultimately, what matters is how the AEOI Standard operates in practice. While this can only be done when exchanges are fully underway, the Global Forum has already agreed on a Terms of Reference for the future reviews of the implementation of the AEOI Standard as well as the next steps in the process to put in place a framework to ensure the effectiveness of each jurisdiction’s implementation of the AEOI Standard in practice.

For more information  
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