



OECD issues report discussing recent tax transparency developments

The road continues

Following the G20 Tax Policy Symposium in Chengdu on July 23 and 24, the Organisation for Economic Co-operation and Development (OECD) released its [Secretary-General Report to G20 Finance Ministers](#), discussing the below developments.

Current Status

- 101 jurisdictions have committed to implementing the Automatic Exchange of Information (AEOI) Standard (54 jurisdictions undertaking first exchanges in 2017 and 47 jurisdictions undertaking first exchanges in 2018), with Bahrain, Lebanon, Nauru, Panama, and Vanuatu being the latest to commit and exchange information by 2018 (previously discussed [here](#)).
- 135 jurisdictions are members of the Global Forum on Transparency and Exchange of Information for Tax Purposes, with Lebanon, Egypt, and Paraguay recently joining.
- 98 participating jurisdictions have signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention). Recently, Panama's Vice President and Foreign Minister formally requested for Panama to be invited to sign the Multilateral Convention.
- 83 committed jurisdictions have signed the Multilateral Competent Authority Agreement (MCAA).

Criteria for Assessing International Tax Transparency Cooperation

Three objective criteria have been established to identify cooperative and non-cooperative jurisdictions with respect to international tax transparency. To be considered cooperative, a jurisdiction must meet the benchmarks of at least two of the three following criteria. Benchmarks for the first assessment against the criteria are listed but will be adjusted over time as implementation of the standards progresses.

- *Implementation of the Exchange of Information on Request (EOIR) Standard* – A rating of “Compliant” or “Largely Compliant” with respect to the EOIR standard.

- *Implementation of the AEOI Standard* – Commitment to implement the AEOI Standard, with first exchanges taking place in 2018 (with respect to the year 2017) at the latest.
- *Joining the Multilateral Convention* – Participation in the Multilateral Convention or a sufficiently broad exchange network permitting both EOIR and AEOI.

However, a jurisdiction will be considered non-cooperative even if it meets the benchmarks of two of the criteria if it (1) is determined by Global Forum peer review to be “Non-Compliant,” (2) is blocked from moving past Phase 1, or (3) was previously blocked from moving past Phase 1 and has not yet received an overall rating under the Phase 2 process.

Based on these criteria, the United States is a cooperative jurisdiction, as it has a rating of “Largely Compliant” with respect to the EOIR Standard and is a signatory of the Multilateral Convention.

Upcoming Developments

- *Common Transmission System* – To successfully implement the automatic exchange of information, a Common Transmission System will be designed to allow the exchange of tax information through a secure, encrypted common system. The OECD is selecting a service provider to build and run the system, which will be in place for the first exchanges under the Common Reporting Standard (CRS) in September 2017.
- *Beneficial Ownership Information* – The Terms of Reference in relation to EOIR have recently been updated to include the Financial Action Task Force’s (FATF) definition of beneficial ownership. Peer reviews with respect to these new Terms of Reference are about to commence. Moreover, the Global Forum is designing an assessment process in relation to the AEOI Standard, which also incorporates the FATF beneficial ownership standard.
- *Ongoing EOIR Reviews* – Compliance ratings for 94 jurisdictions have been assigned, and ratings for all jurisdictions (except for those that recently joined the Global Forum) will be finalized and published by November 2016.
 - *Special Procedure* – The Global Forum is also developing a special procedure to evaluate, on a provisional basis, whether a jurisdiction with an unsatisfactory rating has made sufficient progress in implementing the EOIR Standard to be eligible for an upgrade in its rating. This will allow a jurisdiction that has demonstrated progress to be scheduled for a full peer review as soon as possible. The process should be in place by November 2016.
- *Ongoing AEOI Reviews* – The Global Forum has been conducting assessments of key areas to implement the AEOI Standard to ensure jurisdictions are implementing it effectively. All committed jurisdictions will be assessed by the end of 2016, with assessments for 66 jurisdictions already completed.
- *Technical Assistance* – The Global Forum has been responding to requests for technical assistance on designing measures to ensure the availability of beneficial ownership information. It is expected that such requests will increase as countries with unsatisfactory Global Forum ratings seek to upgrade to a satisfactory level by July 2017.

For more information please [click here](#) or contact:

Denise Hintzke

Managing Director, Global
FATCA Tax Leader
Deloitte Tax LLP
+1 212 436 4792

Anne Mericle

Senior Manager,
Global FATCA PMO
Deloitte Tax LLP
+1 212 436 3908

Susan Schultz

Managing Director, FATCA
Global Delivery Center
(GDC)
Operations Leader
+1 612 397 4604

Susan Segar

Managing Director, Global
Information Reporting
Deloitte Tax LLP
+1 703 885 6328

Americas

Matthew Cahill

Partner, Global Information Reporting
Deloitte Tax LLP
+1 212 436 3420

David Charlton

Principal, Global Information Reporting
Deloitte Tax LLP
+1 617 437 2118

James Dockeray

FATCA Leader, Caribbean/Bermuda
Deloitte & Touche Ltd.
+1 441 299 1399

Patty Florness

Partner, Global Information Reporting
Deloitte Tax LLP
+1 212 436 7413

Andrea Garcia Castelao

Senior Manager, Global Information
Reporting-CRS
Deloitte Tax LLP
+1 212 436 3785

Dennis Metzler

FATCA Leader, Canada
Deloitte & Touche LLP
+ 1 416 601 6144

Michael Shepard

Principal, Deloitte Transactions and
Business Analytics LLP
+1 215 299 5260

Greg Thomas

Principal, Global Information Reporting
Deloitte Tax LLP
+1 415 783 5211

Jon Watts

Managing Director, FATCA Enterprise
Risk Services Leader, US
Deloitte & Touche LLP
+1 212 436 6561

Asia-Pacific

Anna Bleazard

FATCA FAS Leader, Asia-Pacific
Deloitte & Touche Financial Advisory
Services Pte Ltd.
+65 6216 3277

Alison Noble

FATCA Leader, Australia
Deloitte Tax Services Pty Ltd
+61 3 9671 6716

Michael Velten

FATCA Leader, Asia-Pacific
Deloitte & Touche LLP
+65 6531 5039

Europe, Middle East & Africa

Brandi Caruso

FATCA Leader, Switzerland
Deloitte AG
+41 58 279 6397

Claire Dawson

FATCA Tax Leader, Middle East
Deloitte LLP
+971 4 5064900

Humphry Hatton

FATCA Co-Leader, Middle East
Deloitte LLP
+971 4 5064730

Umair Hameed

FATCA FAS Leader, Middle East
Deloitte Corporate Finance Ltd
+971 4 5064878

Tom Shave

FATCA/CRS Tax Partner, EMEA
Deloitte Tax LLP
+44 20 7303 4758

Chris Tragheim

FATCA Tax Leader, EMEA
Deloitte LLP
+ 44 20 7303 2848

Markus Weber

Financial Services Industry Tax Leader,
Switzerland
Deloitte AG
+41 58 279 7527

David C. Wright

FATCA/CRS Tax Partner, EMEA
Deloitte LLP
+44 20 7303 4641

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