This report consists of two parts. Part I is a report by the OECD Secretary-General regarding (A) the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project; and (B) Tax transparency through information exchange. Part II is a Progress Report to the G20 by the Global Forum on Transparency and Exchange of Information for Tax Purposes.
This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Note by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of 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 recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

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PART II

Global Forum on Transparency and Exchange of Information for Tax Purposes

Progress Report to the G20 Finance Ministers and Central Bank Governors: Update on Effectiveness and On-Going Monitoring
Overview

At their Brisbane meeting in November 2014, the G20 Leaders endorsed the global Common Reporting Standard for the automatic exchange of tax information (the AEOI Standard) on a reciprocal basis, and agreed to begin exchanging information automatically with each other and with other countries by 2017 or end-2018, subject to completing necessary legislative procedures. The leaders welcomed financial centres’ commitments to do the same and called on all other jurisdictions to join G20 countries in implementing the necessary measures. The previous Global Forum report to the G20 Finance Ministers and Central Bank Governors in February 2015 provided an update on the continuing work on the ongoing peer reviews for the standard of exchange of information on request, work being undertaken for monitoring and implementation of the new standard of Automatic exchange of Information and progress on assisting developing countries participate fully in the benefits of tax transparency and international cooperation.

This report provides a short update of the developments occurring in the Global Forum since the last report to the G20 Finance Ministers and Central Bank Governors in February 2015. Work on incorporating beneficial ownership into the Global Forum’s standards has advanced, preparations are underway for monitoring the implementation of the new standard on automatic exchange of information and focus has been on assisting member jurisdictions including developing countries in implementing the new standard.

Exchange of Information on Request

The Global Forum’s peer review process evaluates jurisdictions’ compliance with the international standard of transparency and exchange of information on request. Reviews take place in two phases: Phase 1 reviews examine the legal and regulatory framework; Phase 2 reviews look into the implementation of this framework in practice. Following a Phase 2 review, ratings are assigned which indicate a jurisdiction’s overall compliance with the standards.

As of March 2015, the Global Forum has finalised Phase 1 reviews of 107 jurisdictions and assigned ratings for a total of 77 jurisdictions after completion of their Phase 2 reviews. The overall ratings show that 20 jurisdictions are rated “Compliant”, 43 jurisdictions “Largely Compliant”, 10 jurisdictions “Partially Compliant” and 4 jurisdictions “Non-Compliant”. Table 1 below shows the allocation of overall ratings for jurisdictions for which Phase 2 reviews have been completed. Supplementary reviews, which evaluate changes made by a jurisdiction to address the recommendations made in their reports, and based on a potential improvement in ratings, are ongoing for Austria, British Virgin Islands, Cyprus, and Luxembourg.

It can be noted that some jurisdictions (see Table 1) have not been assigned ratings because their Phase 2 reviews could not take place. At the time of the previous report, there were 12 such jurisdictions that remained blocked from moving to Phase 2 (including one jurisdiction for whom the launch of the Phase 2 review was subject to conditions). Since the previous report, the Supplementary Phase 1 report of Switzerland was completed and published on 16 March 2015 concluding that Switzerland qualifies for a Phase 2 review, which will be launched in the second half of 2015. Further the supplementary review of Marshall Islands is underway. The Global Forum has now formulated a process designed to swiftly
encourage the remaining jurisdictions to respond to the recommendations so that a Phase 2 review can be carried out, failing which a rating of non-compliant may be assigned.

Table 1: Overall ratings for jurisdictions for which Phase 2 has been completed

<table>
<thead>
<tr>
<th>TABLE OF JURISDICTION RATINGS</th>
<th>Compliant</th>
<th>Largely compliant</th>
<th>Partially compliant</th>
<th>Non-compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia, Belgium, Canada, China, Denmark, Finland, France, Iceland, India, Ireland, Isle of Man, Japan, Korea, Mexico, New Zealand, Norway, Slovenia, South Africa, Spain, Sweden.</td>
<td>Australia, Belgium, Canada, China, Denmark, Finland, France, Iceland, India, Ireland, Isle of Man, Japan, Korea, Mexico, New Zealand, Norway, Slovenia, South Africa, Spain, Sweden.</td>
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<td>Argentina, Aruba, The Bahamas, Bahrain, Belize, Bermuda, Brazil, Cayman Islands, Chile, Cook Islands, Estonia, Former Yugoslav Republic of Macedonia (FYROM), Germany, Ghana, Gibraltar, Greece, Grenada, Guernsey, Hong Kong (China), Hungary, Italy, Jamaica, Jersey, Macao (China), Malaysia, Malta, Mauritius, Monaco, Montserrat, Netherlands, Philippines, Portugal, Qatar, Russia, San Marino, Singapore, Slovak Republic, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Turks and Caicos Islands, United Kingdom, United States, Uruguay.</td>
<td>Argentina, Aruba, The Bahamas, Bahrain, Belize, Bermuda, Brazil, Cayman Islands, Chile, Cook Islands, Estonia, Former Yugoslav Republic of Macedonia (FYROM), Germany, Ghana, Gibraltar, Greece, Grenada, Guernsey, Hong Kong (China), Hungary, Italy, Jamaica, Jersey, Macao (China), Malaysia, Malta, Mauritius, Monaco, Montserrat, Netherlands, Philippines, Portugal, Qatar, Russia, San Marino, Singapore, Slovak Republic, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Turks and Caicos Islands, United Kingdom, United States, Uruguay.</td>
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<tr>
<td>Andorra, Anguilla, Antigua and Barbuda, Austria,* Barbados, Curaçao, Indonesia, Israel, Saint Lucia, Turkey.</td>
<td>Andorra, Anguilla, Antigua and Barbuda, Austria,* Barbados, Curaçao, Indonesia, Israel, Saint Lucia, Turkey.</td>
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<tr>
<td>British Virgin Islands,* Cyprus,* Luxembourg,* Seychelles.</td>
<td>British Virgin Islands,* Cyprus,* Luxembourg,* Seychelles.</td>
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<tr>
<td>Jurisdictions that cannot be rated because they cannot move to Phase 2</td>
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<tr>
<td>Brunei Darussalam, Marshall Islands,* Dominica, Federated States of Micronesia, Guatemala, Lebanon, Liberia, Panama, Nauru, Trinidad and Tobago, Vanuatu.</td>
<td>Brunei Darussalam, Marshall Islands,* Dominica, Federated States of Micronesia, Guatemala, Lebanon, Liberia, Panama, Nauru, Trinidad and Tobago, Vanuatu.</td>
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</tbody>
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* The jurisdiction is undergoing a Supplementary review.

**Preparation of the next round of reviews**

In October 2014, the Global Forum agreed the set of issues where changes to the Terms of Reference will be made for purposes of a new round of reviews commencing in 2016, including enhanced requirements regarding the beneficial ownership of legal entities and arrangements, and work is now in progress to refine the detailed proposals, as well as to agree the processes to be followed for the new round.

**Automatic Exchange of Information**

Rapid progress has been made on getting widespread support for the implementation of the common global standard for automatic exchange of financial account information (AEOI). 90 Global Forum members have already committed themselves to the new AEOI standard in either 2017 or 2018 while 5 jurisdictions have not indicated a timeline or have not yet committed (see Table 2 below). The remaining members are developing countries where the Global Forum is committed to providing technical assistance to help them implement the AEOI Standard.

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2 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.
Table 2: GF member jurisdictions committed to implementing the AEOI Standard

<table>
<thead>
<tr>
<th>JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2017</th>
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<tr>
<td>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</td>
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<tr>
<th>JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018</th>
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<tr>
<td>Albania, 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</td>
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</tbody>
</table>

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<tr>
<th>JURISDICTIONS THAT HAVE NOT INDICATED A TIMELINE OR THAT HAVE NOT YET COMMITTED</th>
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<tbody>
<tr>
<td>Bahrain, Cook Islands, Nauru, Panama, Vanuatu</td>
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</table>

The Global Forum is working to develop a comprehensive process to monitor and review the implementation of the AEOI Standard, on an ongoing basis, while at the same time assisting jurisdictions to implement all the key elements in a timely way.

One of the key requirements of this work is that data and information that is exchanged is kept confidential and appropriately protected from improper disclosure. It would be very difficult for every committed jurisdiction to bilaterally review these measures in every other jurisdiction which would be a potential partner, considering the resources and timeline involved. In order to facilitate the confidentiality and data protection review process, and to facilitate the work of committed jurisdictions the Global Forum intends to commence in the near future a multilateral assessment mechanism covering the requirements for confidentiality and data safeguards as contained in the AEOI Standard.

**Competent Authority meeting**

Exchange of information in practice relies on the professionals who actually perform the many tasks necessary to make international cooperation in tax matters a reality. These are the Competent Authorities who meet annually to refresh their knowledge and renew their connections with colleagues around the globe. The 2015 meeting of Competent Authorities will focus on their changing role as they respond to the fast-paced developments in the tax arena. The meeting will have two main themes: (i) what Competent Authorities need to do to prepare for the next round of Global Forum reviews and in particular, how the updated standards affect their work; and (ii) how to address some of the key challenges that Competent Authorities are facing to implement the new standard on AEOI, such as setting up an AEOI function, coordinated internal organisation and well-functioning, secure IT systems.

**Developing countries**

The Global Forum engages in a range of initiatives to support its developing country member jurisdictions in effectively implementing the international standards, and ensuring that exchanges between members’ tax authorities are efficient and of high quality. These activities have been intensified greatly in 2015 due to Global Forum members’ commitment to the AEOI Standard and the need to ensure that developing
countries can participate in and benefit from the Standard, as well as in connection with the recently
launched Africa Initiative which aims at increasing engagement with African countries.

In its response to the 2014 Roadmap on AEOI for Developing Countries, the G20 leaders indicated their
support for pilot projects to be undertaken between developing and G20/developed country partners, which
would be facilitated by the Global Forum, working with the World Bank Group and other international and
regional organisations. To date, six developing countries (Albania, Colombia, Morocco, Pakistan, the
Philippines, and Uganda) have indicated interest in participating in pilot projects. Work has already
commenced on three of these projects. The first projects will be undertaken with Albania and Colombia,
collaborating with Italy and Spain respectively as pilot partners. The Philippines (with Australia as pilot
partner) is next in line. On-site visits for the purpose of undertaking feasibility studies and developing
implementation plans took place in these cases in March and April 2015. France will partner Morocco and
work is likely to commence soon on this project. The proposed projects with Pakistan and Uganda are still
being evaluated and developed country partners have yet to be identified.

The Global Forum continues to progress the Africa Initiative which is a three-year programme designed to
unlock the potential for transparency and exchange of information in Africa. The programme is a joint
effort of individual African members of the Global Forum, ATAF, CREDAF, the OECD, and the World
Bank Group. Three countries have now become “First Mover” countries within the Africa Initiative:
Burkina Faso, Ghana, and Kenya. Each of these countries has committed to meeting certain targets to
ensure effective exchange of information by December 2015 and each will play a leadership role in
progressing the initiative. In addition, four Africa Initiative events are planned to date: three Last Mile
seminars aimed at auditors (in Ghana and Kenya in May and in Cameroon in July) and a non-government
organisations (NGO) Roundtable in Kenya in May.

**Next Steps**

The Global Forum continues to make significant progress in its peer review process for exchange of
information on request. The first round of reviews is well on its way to completion with an estimated
further 37 peer reviews completed, ratings assigned to a further 20 jurisdictions and the remaining reviews
launched to cover almost all Global Forum members. A number of supplementary reviews will be
completed to assess the progress made by jurisdictions. The mechanism that has been put in place to
incentivise improvements for jurisdictions that still cannot move to Phase 2 is expected to swiftly
encourage these jurisdictions to make significant improvements.

A new Schedule for the second round of reviews is being drawn up and the detailed drafting of revised
*Terms of Reference* will also be completed in preparation for this new round. In continuing with the review
process with improved Terms of Reference, the Global Forum aims to ensure that momentum towards the
greatly improved international cooperation in tax matters is maintained.

Major progress has already been made on AEOI over the last few months, with most jurisdictions other
than developing countries that are not financial centres having committed to implement the AEOI
Standard. Work is underway to assist the effective implementation of the standard through training events
and pilot projects. The Global Forum is also working to design an effective peer review mechanism for
monitoring the implementation of the AEOI Standard, and in particular, in the short term to evaluate
confidentiality and data safeguards.

Enhanced engagement with developing countries will ensure that they can fully participate in and benefit
from an enhanced transparent tax environment. For this purpose the Global Forum has put in place an
ambitious technical assistance plan comprising one on one assistance, pilot projects, and 6 training
seminars across the world. The Africa Initiative is expected to give a major boost to African jurisdictions in their efforts to enhance transparency and information exchange in the region.