

COUNCIL**Council****REPORT ON THE IMPLEMENTATION OF THE RECOMMENDATION OF
THE COUNCIL ON THE STANDARD FOR AUTOMATIC EXCHANGE OF
FINANCIAL ACCOUNT INFORMATION IN TAX MATTERS****(Note by the Secretary-General)****JT03457843**

1. This note presents a report by the Committee on Fiscal Affairs (CFA) on the implementation of the Recommendation of the Council on the Standard for Automatic Exchange of Financial Account Information in Tax Matters [[OECD/LEGAL/0407](#)] (hereafter, the “Recommendation”) and the CFA’s conclusions regarding the instrument’s relevance, dissemination and whether the instrument requires updating or revision. The report, which is reproduced in the Annex to this document, was approved by the CFA at its meeting on 30 January 2020 [CTP/CFA(2020)4/REV2].

Background

2. The OECD has led the work on all forms of exchange of information, including automatic exchange of information (hereafter “AEOI”), where it has been active in facilitating such exchanges for many years. On 17 January 2014, the CFA approved the Standard for Automatic Exchange of Financial Account Information (hereafter “the Standard”), which is composed of common reporting and due diligence rules (hereafter, “the Common Reporting Standard” or the “CRS”) and a model competent authority agreement for automatic exchange of financial account information (the Model Competent Authority Agreement) [[CTPA/CFA/NOE2/M\(2014\)1/CONF](#)].

3. On 15 July 2014, the Council adopted the Recommendation [[C\(2014\)81/FINAL](#)] to clearly demonstrate that, as a result of the work carried out in the CFA, the Standard represents the political will of Members with respect to automatic exchange of financial account information for tax purposes and that countries commit to do their utmost to implement it.

4. The Recommendation recommends the swift implementation of the Standard by Adherents through: a) its transposition into domestic law; b) the introduction of the necessary measures in compliance with their domestic law to implement any amendments to the Standard; and c) the establishment of safeguards to protect the confidentiality of information exchanged and to comply with the requirement that information may be used only for the purposes foreseen by the legal instrument pursuant to which the information is exchanged.

5. The Recommendation also requires reporting by the CFA to the Council on its implementation. In particular, the Council instructed the CFA to:

- i. “monitor the application of the Recommendation and to report thereon to the Council no later than three years following its adoption and regularly thereafter;
- ii. stand ready to review the Standard and Commentaries in the light of experience gained by Adherents and in consultation with stakeholders; and
- iii. adopt any required modifications to the Commentaries and make appropriate proposals to Council for modifications to the Standard.”

6. Reporting at this time is particularly relevant for two reasons. First, the initial results of the widespread implementation of the Standard set out in the Recommendation are now becoming available. Close to 100 jurisdictions are automatically exchanging information on financial accounts each year, which marks a major achievement of the international community in its effort to fight tax evasion and increase transparency. Second, the CFA just agreed, at its 30 January 2020 meeting, a work plan to review the Standard with the aim of developing a new recommendation of the Council by the end of 2021 [[CTPA/CFA\(2020\)5](#)].

Methodology

7. Since the adoption of the Recommendation, three main work streams are being carried out to ensure its implementation and to carry out the Council’s instructions:
 - a. Ensuring the commitment by all relevant jurisdictions to the Standard and reviewing their implementation of the Standard;
 - b. Providing additional interpretative guidance on the Standard and maintaining its integrity; and
 - c. Identifying jurisdictions that fail to implement the Standard and related international tax transparency standards to ensure a global level playing field.
8. Further details on each of these work streams can be found in the Report set out in the Annex to this document.

Process

9. The draft Report on the Implementation of the Recommendation of the Council on the Standard for Automatic Exchange of Financial Account Information in Tax Matters (hereafter the “Report”) was shared in early January 2020 with the CFA for comments by 24 January 2020 [[CTPA/CFA\(2020\)4](#)]. Following receipt of three comments, a revised version of the draft Report was discussed at the CFA’s 96th session on 30 January 2020 [[CTPA/CFA\(2020\)4/REV1](#)]. Following the discussion and small updates agreed at the meeting, the CFA approved the Report on 30 January 2020 [[CTPA/CFA\(2020\)4/REV1](#)].

Dissemination and implementation of the Recommendation

10. Although the Council instructed the CFA to “monitor the application of the Recommendation”, it also invited the Global Forum on Transparency and Exchange of Information for Tax Purposes (hereafter the “Global Forum”) to “monitor the implementation of the Standard”. In October 2014, the Global Forum endorsed the Standard and agreed to peer review its implementation in addition to the Standard for exchange of information on request¹. The Global Forum has since played a key role in ensuring widespread commitment to the Standard and its effective implementation by countries and jurisdictions around the world.

11. To date, 112 jurisdictions have committed to implement the Standard by a specific date and almost 100 jurisdictions have already begun to exchange financial account information automatically as of January 2020. Furthermore, in 2019, around 6 100 bilateral exchanges of information took place between the implementing jurisdictions, representing a 36% increase from 2018. As for the contents of the exchanges, in 2018 (for when figures are available), information on 47 million financial accounts was exchanged, with a total value of the accounts of around EUR 4 900 billion, which is expected to increase significantly. As a result of these efforts, around EUR 102 billion in additional revenues have been identified for collection through voluntary disclosure programmes and offshore investigations.

¹ Global Forum on Transparency and Exchange of Information for Tax Purposes Berlin, Germany 28-29 October 2014, Statements of Outcomes: <https://www.oecd.org/tax/transparency/about-the-global-forum/meetings/statement-of-outcomes-gfberlin.pdf>

12. A vast treaty network underpins this multilateral collaboration. The Recommendation invites “*all countries that have not already done so to sign and ratify the Convention on Mutual Administrative Assistance in Tax Matters*” [[OECD/LEGAL/0235](#)] as amended by the 2010 Protocol [[OECD/LEGAL/0382](#)] (hereafter the “Convention”). As of January 2020, there are 136 jurisdictions that participate in the Convention (106 parties, 13 signatories and 17 territorial extensions), which represents an increase of 70% in comparison with the number of participating jurisdictions at the time of the adoption of the Recommendation.

13. The Global Forum will complete assessments of the effectiveness in practice of the implementation of the Standard for all jurisdictions in 2020 and 2021. It will also make determinations on the adequacy of the legal frameworks put in place by countries and jurisdictions in 2020 and ratings in relation to effectiveness in practice will be made in 2021.

14. The Recommendation “*invites Adherents to support efforts for capacity building and assistance to developing countries so that they may be able to participate in and reap the benefits of this form of cooperation*”². Although developing countries that do not host a financial centre were not asked to commit to implement the Standard, they were invited to commit to a timeline of their choosing for its implementation and offered technical assistance to ensure that they could benefit from this new, more transparent environment.

Summary and conclusions

15. The widespread commitment to the implementation of the Standard and the associated work streams have delivered a step change in international tax transparency and concrete results are already being delivered for governments worldwide. For example, tax administrations are already using the data received under the Standard for risk assessment purposes, in pilot compliance programmes, and for pre-filling of tax returns in some cases. The Standard has been a resounding success. In terms of impact, a preliminary study by the OECD from June 2019 estimates that in the period from 2008 to 2019, the progress on tax transparency, including the adoption of the Recommendation and the global implementation of the Standard, is associated with a decline of 24% of bank deposits (USD 410 billion) in international financial centres.³ The adoption of the Recommendation and the global implementation of the Standard alone contributed to an average reduction in bank deposits owned by non-residents of 22%.

16. As referred to above, the CFA has approved a work plan to review the Standard to ensure that any existing issues are identified and addressed [CTP/CFA(2020)4/REV2]. This implies both strengthening the rules where weak spots have been identified, as well as adapting requirements where reporting is sub-optimal. The review is also expected to identify financial assets (such as e-money and crypto-assets), products and intermediaries that should be included in the scope of the Standard, or of automatic exchange of information generally, because they are potential alternatives to covered financial products, in particular for those seeking to avoid reporting under the Standard.

17. Following the review, a proposed update of the Recommendation will be transmitted to the Council for adoption by the end of 2021.

² <http://www.oecd.org/tax/transparency/aeoi-implementation-report-2019.pdf>

³ <https://www.oecd.org/tax/oecd-taxation-working-paper-46-exchange-of-information-and-bank-deposits-in-international-financial-centres.pdf>

Proposed Action

18. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document [C\(2020\)47](#), in particular the report set out in its Annex, and agreed to its declassification;
- b) invited the Committee on Fiscal Affairs to report back on the upcoming review of the Standard for Automatic Exchange of Financial Account Information with a view to presenting a revision of the Recommendation to the Council by the end of 2021.

ANNEX - Report on the implementation of the Recommendation on the Standard for Automatic Exchange of Financial Account Information in Tax Matters

1. Introduction

1. The Recommendation of the Council on the Standard for Automatic Exchange of Financial Account Information in Tax Matters [[OECD/LEGAL/0407](#)] (hereafter the “Recommendation”) adopted on 15 July 2014 requires reporting by the Committee on Fiscal Affairs to the Council on its implementation.

2. Reporting at this time is particularly relevant given that the first results of the widespread implementation of the Standard for Automatic Exchange of Financial Account Information in Tax Matters (hereafter the “Common Reporting standard” or “CRS”⁴) set out in the Recommendation are now becoming available. Close to 100 jurisdictions are automatically exchanging information on financial accounts each year, which marks a major achievement of the international community in its effort to fight tax evasion and increase transparency.

3. The initial results are impressive. The following figures show that the implementation of the CRS has already had a significant impact:

- As of December 2019, 97 jurisdictions had begun to exchange financial account information automatically.
- In 2019, around 6 100 bilateral automatic exchanges of information took place between the implementing jurisdictions, representing a 36% increase from 2018.
- As for the contents of the exchanges, in 2018 (for when figures are available), information on 47 million financial accounts was exchanged, with a total value of the accounts of around EUR 4 900 billion. This is set to increase significantly.
- As for the impact, a preliminary study by the OECD from June 2019 estimates that in the period 2008 to 2019, the progress on tax transparency, including the adoption of the Recommendation and the global implementation of the CRS, is associated with a decline of 24% of bank deposits (USD 410 billion) in international financial centres.⁵ The adoption of the Recommendation and the global implementation of the CRS alone contributed to an average reduction in bank deposits owned by non-residents of 22%.

⁴ As the Standard for Automatic Exchange of Financial Account Information in Tax Matters is commonly known as the Common Reporting Standard (CRS), this report uses that term to refer to the Standard as a whole and to the Commentaries to the Standard as required by the context.

⁵ <https://www.oecd.org/tax/oecd-taxation-working-paper-46-exchange-of-information-and-bank-deposits-in-international-financial-centres.pdf>

- EUR 102 billion in additional revenues (tax, interests and penalties) have been identified through voluntary disclosure programmes and offshore investigations.
- As of December 2019, 135 jurisdictions participate in the Convention on Mutual Administrative Assistance in Tax Matters, of which 121 have brought it into force, including all G20 and OECD countries, all major international financial centres and a growing number of developing countries.

2. Background

4. As the world has become increasingly globalised, it has become easier for all taxpayers to make, hold and manage investments through financial institutions outside of their country of residence. This is not itself illegal but may facilitate offshore tax evasion that is difficult for tax authorities to combat as they can be constrained by their national borders. Effective co-operation between tax administrations and the removal of domestic barriers, such as bank secrecy for tax purposes, are therefore critical in this regard.

2.1. Origins of the CRS

5. The OECD has a long history of facilitating tax co-operation, notably within the context of the Convention on Mutual Administrative Assistance in Tax Matters and through the inclusion and regular updating of Article 26 (Exchange of Information) of the OECD Model Tax Convention. Although these instruments allow for the automatic exchange of information (AEOI), and the OECD Council had, as early as 1981, approved a Recommendation concerning a Standardised Form for Automatic Exchanges of Information under International Tax Agreements [[OECD/LEGAL/0193](#), abrogated in 2014], it was not implemented on a widespread and consistent basis.

6. Towards the end of the 1990s, the global financial crisis increased the pressure on public finances and on the need for greater transparency for tax purposes. The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) was consequently established in its current form with a view to ensuring the global implementation of tax transparency standards. At the time, the focus was on the exchange of information on request (EOIR). Through its strengthened peer review process, there has been significant progress in tax transparency, including the lifting of bank secrecy for tax purposes and the identification of bearer share holders. However, EOIR requires the requesting jurisdiction to know what to request and to demonstrate the relevance of the information to a particular tax investigation, whereas AEOI provides for the annual automatic exchange of a predefined set of information.

7. The move to the widespread adoption of AEOI through the development of the CRS can be traced back to 2010 when the United States Congress adopted the Foreign Account Tax Compliance Act (FATCA) to combat tax evasion by United States' taxpayers. FATCA requires foreign financial institutions to disclose to the United States' Internal Revenue Service information on financial assets maintained for United States' citizens or residents.

8. While FATCA was a unilateral measure, five European countries (France, Germany, Italy, Spain, and the United Kingdom) worked with the United States to implement FATCA on a bilateral basis, exchanging information under Intergovernmental Agreements (IGAs) concluded with the United States and ensuring a level of reciprocity. Many other jurisdictions subsequently adopted the intergovernmental approach to implementing FATCA and moves were made to put in place equivalent exchanges between those jurisdictions that had concluded FATCA IGAs with the United States.

9. Subsequently, in May 2013, the Council of the European Union unanimously agreed to give priority efforts to extend AEOI at the EU and global level. Furthermore, in June 2013, the G8 called on the OECD to develop a new global standard in AEOI. Then in September 2013, the G20 Leaders committed to AEOI and to work with the OECD to develop a new global standard in the area, calling for it to be presented to the G20 by February 2014.⁶

2.2. The 2014 Recommendation on the CRS

10. In February 2014, the OECD published the text of the CRS, which was then endorsed by the G20 Finance Ministers. Subsequently, 44 jurisdictions committed to be “early adopters” of the new standard.

11. In a ministerial declaration⁷ dated 6 May 2014, OECD members and 14 other jurisdictions declared their determination to promote the CRS, and the Council on 15 July 2014 adopted the Recommendation on the CRS in which the OECD Members and non-Members adhering to the Recommendation (hereafter the “Adherents”) were asked to swiftly implement the CRS on a reciprocal basis.

12. In particular, the Council recommended that Adherents should:

- I. transpose the CRS into domestic law, including to ensure that information on beneficial ownership of legal persons and arrangements is effectively collected and exchanged in accordance with the CRS;
- II. take the necessary measures in compliance with their domestic law to implement any amendments to the CRS; and
- III. ensure that appropriate safeguards are in place to protect the confidentiality of information exchanged and to comply with the requirement that information may be used only for the purposes foreseen by the legal instrument pursuant to which the information is exchanged.

13. The Council also recommended that Adherents follow the CRS Commentaries when applying and interpreting the relevant domestic law provisions.

14. To ensure an effective standard based on a level playing field, the Council invited the Adherents and the Secretary-General to disseminate this Recommendation widely, and for the non-Members to implement the CRS and to adhere to the Recommendation. The Council recognised the importance of providing capacity building and assistance to developing countries and invited the Adherents to support such efforts so that developing countries would be able to participate in and reap the benefits of this form of co-operation.

15. The Council also invited all countries that had not already done so to sign and ratify the Convention on Mutual Administrative Assistance in Tax Matters as amended by the 2010 Protocol. Finally, the Council invited the Global Forum to monitor the implementation of the CRS.

⁶ <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html#beps>

⁷ [OECD/LEGAL/0404](https://www.oecd.org/mcm/MCM-2014-Declaration-Tax.pdf) ; <https://www.oecd.org/mcm/MCM-2014-Declaration-Tax.pdf>

16. The Council instructed the Committee on Fiscal Affairs to:
- I. monitor the application of the Recommendation and to report thereon to the Council no later than three years following its adoption and regularly thereafter;
 - II. stand ready to review the CRS and Commentaries in the light of experience gained by Adherents and in consultation with stakeholders; and
 - III. adopt any required modifications to the Commentaries and make appropriate proposals to Council for modifications to the CRS.

17. The Chair of the Committee on Fiscal Affairs provided an update on this work in the context of the Chair's dialogue with the Council⁸ last year and regular progress reports on this work have been provided in the Secretary-General's regular reports on tax matters to the G20, which are systematically provided to Council.⁹

3. Methodology and Process

18. Since the adoption of the Recommendation, three main work streams are being carried out to ensure its implementation and to carry out the Council's instructions:

- I. ensuring the commitment by all relevant jurisdictions to the CRS and reviewing their implementation of the CRS;
- II. providing additional interpretative guidance on the CRS and maintaining its integrity; and
- III. identifying jurisdictions that fail to implement the CRS and related international tax transparency standards to ensure a global level playing field.

3.1. Ensuring jurisdictions commit to the CRS and reviewing their implementation

19. As mentioned above, the Council instructed the Committee on Fiscal Affairs to monitor the implementation of the CRS. However, once the Global Forum adopted the automatic exchange of information standard and agreed to establish a peer review to monitor implementation¹⁰ at its Plenary Meeting in Berlin, Germany on 28-29 October 2014, much of the monitoring has been carried out through the Global Forum, with the Committee on Fiscal Affairs regularly reviewing progress in the Global Forum. This reflects the broad membership of the Global Forum (which has over 155 members) and its core competence in conducting peer reviews in relation to tax transparency and the exchange of information for tax purposes, helping to ensure a global level playing field and an effective implementation of the standard.

⁸ Presentation by Martin Kreienbaum, Chair of the Committee on Fiscal Affairs, during the Council Meeting on 13 March 2019.

⁹ The Secretary-General reports to the G20 Finance Ministers and Leaders include a part on the tax transparency developments. In addition, the Council received the Global Forum annual reports, notably the [Tax Transparency 2018: Report on progress](#).

¹⁰ Global Forum on Transparency and Exchange of Information for Tax Purposes Berlin, Germany 28-29 October 2014, Statements of Outcomes: <https://www.oecd.org/tax/transparency/about-the-global-forum/meetings/statement-of-outcomes-gfberlin.pdf>

20. The Global Forum has three key streams of work in relation to the CRS – 1) a commitment process to ensure the widespread adoption of the CRS, 2) monitoring and reviewing the implementation of the CRS to ensure its effectiveness and 3) helping developing countries to benefit from the CRS.

21. Further details on all these aspects is set out in the dissemination and implementation section below.

3.2. Providing additional guidance on the CRS and maintaining its integrity

22. Since the adoption of the Recommendation in 2014, the Committee on Fiscal Affairs and its Working Party No. 10 have provided further technical guidance on the CRS to ensure its coherent implementation and to ensure its integrity as an important tool in fighting offshore tax evasion. In particular, a CRS Implementation Handbook and over 70 Frequently-Asked Questions were developed, as well as guidance to prevent the circumvention of the CRS through the misuse of residence and citizenship by investment schemes. In addition, the OECD launched a CRS loophole disclosure facility to actively encourage financial institutions, NGOs and the public at-large to share potential issues with the implementation of the CRS and circumvention strategies.

23. In light of this, in 2018 the CFA adopted Mandatory Disclosure Rules¹¹ that require intermediaries (and in certain instances taxpayers) to disclose any CRS Avoidance Arrangement they promote or become aware of to their tax authorities. The substance of these rules has since been reflected in a European Directive (DAC 6).

24. On the technical implementation side, the CFA's Forum on Tax Administration (FTA) developed the Common Transmission System (CTS) as a mechanism to enable exchanges. It was launched in time for first CRS exchanges in 2017 and is a secure and encrypted transmission channel for CRS information. The CTS was built, funded and designed by FTA members and is managed by the Global Forum.

25. The FTA has also been working to ensure the data exchanged under the CRS is of good quality and can be used effectively by tax administrations. They have produced an AEOI Effective Use Toolkit¹², which provides practical guidance to tax administrations to assist in the matching of CRS data, on ways to maintain and increase data quality, and information on the how CRS data can be used to facilitate taxpayer compliance. This has been supported by in-person workshops and peer to peer assistance between tax administrations.

26. As tax administrations begin to use the data received to help ensure tax compliance, it is imperative for its effective use that the information exchanged is both accurate and complete. The compliance of Financial Institutions with the due diligence and reporting requirements of the domestic implementation of CRS is key to ensuring high levels of data quality and to protect the integrity of the rules in the long term. With this in mind, the FTA identified that there is benefit in collective action to help inform what a robust Financial Institution compliance regime might involve. A pilot group of the tax administrations of Canada, Singapore, the United Kingdom and the United States has jointly advanced work

¹¹ [OECD \(2018\), Model Mandatory Disclosure Rules for CRS Avoidance Arrangements and opaque Offshore Structures, OECD, Paris](#)

¹² Toolkit for Ensuring Effective Use of Data Received from the Automatic Exchange of Information, v3, March 2019

in this regard. The resulting “Handbook for Promoting and Assessing Financial Institutions’ Compliance with their CRS and FATCA Obligations”¹³ reflects the key aspects to consider when tax administrations promote and assess compliance by FIs with the obligations placed on them by both the CRS and FATCA, and is intended to be useful to tax administrations preparing for peer reviews by the Global Forum (see the dissemination and implementation section below).

3.3. Identifying jurisdictions that fail to implement the CRS and related international tax transparency standards

27. To ensure a level playing field, and at the request of the G20 Finance Ministers at their April 2016 meeting in Washington D.C.¹⁴, the OECD developed objective criteria to identify whether jurisdictions are complying with the international tax transparency standards. Adopted at the July 2017 G20 Finance Ministers meeting in Chengdu, the three criteria to identify jurisdictions that have not satisfactorily implemented the global tax transparency standards were further strengthened at the G20 Finance Ministers at their July 2018 meeting in Buenos Aires.¹⁵ The following benchmarks for the objective criteria must be met for a jurisdiction to be considered to have satisfactorily implemented the tax transparency standards:

- I. a “Largely Compliant” overall rating with respect to the EOIR standard, taking into account the Global Forum’s second round of reviews on an ongoing basis and provided jurisdictions (other than those that received a provisional rating in the first round) have had an opportunity to respond to any downgrades in rating through a supplementary report;
- II. with respect to the implementation of the CRS, all necessary legislation is in place and exchanges commenced by the end of 2018; and agreements activated with substantially all interested appropriate partners by the end of 2019; and
- III. having the Convention on Mutual Administrative Assistance in Tax Matters in force or having a sufficiently broad exchange network of bilateral agreements in force permitting both EOIR and CRS exchanges.

28. In order for a jurisdiction to be considered to comply, it must meet at least two of the three above-mentioned criteria. However a jurisdiction will be considered as failing notwithstanding that it may have met the benchmarks of two of the three criteria if: a) it is determined to be “non-compliant” overall for its implementation of the EOIR standards; or b) it has, contrary to its commitment to the Global Forum to implement the CRS by 2018, not met the CRS benchmark set out above. The full requirements of the CRS criteria only applied as of the end of 2019, when all committed jurisdictions had to have exchange agreements activated with substantially all interested appropriate partners.¹⁶

¹³ Handbook for Promoting and Assessing Financial Institutions’ Compliance with their CRS and FATCA Obligations First Iteration – October 2019

¹⁴ <http://www.g20.utoronto.ca/2016/160415-finance.html>

¹⁵ <http://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-july-2018.pdf>

¹⁶ Interested and appropriate partners are defined as those jurisdictions interested in receiving information and that meet the expected standards in relation to confidentiality and data safeguards.

29. An update on the number of jurisdictions, which are at-risk of being considered as failing to comply with the international tax transparency standards, was reported to the G20 Finance Ministers at their October 2019 meeting in Washington D.C.¹⁷ The identity of the jurisdictions that do not meet the criteria by the end of 2019 will be reported to the G20 Finance Ministers at their February 2020 meeting in Riyadh.

4. Dissemination and Implementation

30. This section on the dissemination and implementation of the Recommendation focuses on the role of the Global Forum's monitoring and peer review processes, which are the key mechanisms through which the widespread and effective implementation of the CRS is ensured. This section also explains the assistance that the Global Forum provides to developing countries in implementing the CRS.

31. Further country-specific detail can be found in the 2019 AEOI Implementation Report published by the Global Forum in the context of its 10th anniversary.¹⁸

4.1. Ensuring the widespread adoption of the CRS: the commitment process

32. Following the adoption of the Recommendation, the Global Forum endorsed the CRS and invited its members to commit to it and to commence exchanges by 2017 or 2018.¹⁹ Developing countries that did not host a financial centre were not asked to commit to a particular timeline in recognition of their capacity constraints and reduced risk to the level playing field. Some developing countries that do not host a financial centre, have nevertheless voluntarily committed to implement the CRS under a certain timeline. The level playing field is also ensured through a process to identify further jurisdictions that are not currently committed to implement the CRS but that are relevant to ensuring a level playing field. These jurisdictions are then asked to commit to implement the CRS to specified timelines.

33. So far, 112 jurisdictions have committed to implement the CRS by a specific date.²⁰

4.2. Reviewing the implementation of the CRS: the Staged Approach

34. Once a commitment is made by a jurisdiction under a specific timeline, it must be implemented effectively. For that reason, the Global Forum put in place a process to monitor, assess and assist in the implementation of the CRS, even before exchanges commenced (the Staged Approach).

¹⁷ <https://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-october-2019.pdf>

¹⁸ <https://www.oecd.org/tax/transparency/AEOI-implementation-report-2019.pdf>

¹⁹ <http://www.oecd.org/tax/transparency/about-the-global-forum/meetings/statement-of-outcomes-gfberlin.pdf>

²⁰ <https://www.oecd.org/tax/automatic-exchange/commitment-and-monitoring-process/AEOI-commitments.pdf>

35. Consequently, since 2014 the Global Forum has carried out the following processes to assess the implementation of the CRS by the committed jurisdictions:

1. Real-time detailed monitoring
 - a. Once a commitment to implement the CRS under a specific timeline is made, various key milestones need to be delivered in order to commence exchanges. A real-time monitoring process was put in place to identify risks to delivery early in the implementation process and to ensure assistance could be provided as appropriate.
 - b. The latest results show that only two jurisdictions that committed to commence exchanges by September 2017 or 2018 are delayed in having the required legal frameworks in place.²¹
2. Expert confidentiality and data safeguard assessments
 - a. The Global Forum, assisted by a panel of experts from member jurisdictions, conducted preliminary pre-exchange assessments of the legal and technical confidentiality and data safeguard frameworks in place in all jurisdictions to provide initial comfort and support the commencement of exchanges.
 - b. Assistance was provided by the Secretariat where necessary before jurisdictions received information.
3. Assessments of the domestic legislative frameworks
 - a. The domestic legislative framework put in place by each committed jurisdiction to implement the due diligence and reporting rules that financial institutions must follow was peer reviewed to ensure they reflected all the key elements of the CRS. Recommendations were made where gaps were identified. Around 550 jurisdiction-specific exclusions of financial institutions and financial accounts from the CRS were also reviewed to ensure they represent a low risk of being used for tax evasion purposes.
 - b. In total, the Global Forum made 525 recommendations to address gaps in the domestic legal frameworks of 66 jurisdictions, of which 78 have already been addressed.
4. Assessments of the international legal frameworks
 - a. The Global Forum monitoring process tracks whether agreements have been put in place between all interested and appropriate partners and a jurisdiction can trigger a review mechanism if it becomes concerned about delays in putting an agreement in place. Peer reviews of the contents of the international agreements put in place for the exchanges were also conducted.
 - b. With respect to the scope of the exchange networks, while several complaints were made on delays in putting in place agreements, they were all suspended after further facilitation of the bilateral communications was provided as part of the Global Forum's review process.

²¹ Sint Maarten and Trinidad and Tobago.

5. Conformance with the technical exchange requirements
 - a. Each jurisdiction's technical readiness to exchange is checked as part of the Staged Approach. This is to provide comfort that they are able to prepare and transmit the information as required.
 - b. The latest results show that only two jurisdictions are delayed in putting in place the technical requirements to exchange the information.²²

4.3. Reviewing the implementation of the CRS: reviewing effectiveness in practice and drawing conclusions

36. With the Staged Approach complete and exchanges well underway, it is possible to assess the effectiveness of the exchanges in practice and to draw overall conclusions. In this regard, the Global Forum adopted "Terms of Reference"²³ in 2018 and a methodology to assess effectiveness in practice in 2019. Criteria to make overall determinations with respect to the extent of the completeness of the legal frameworks in place, drawing on the assessments conducted under the Staged Approach, were also adopted in 2019.

37. Accordingly, the assessments in relation to effectiveness in practice will be completed for all jurisdictions in 2020 and 2021. Determinations on the legal frameworks in place will be made in 2020 and ratings in relation to effectiveness in practice will be made in 2021.

4.4. Supporting developing countries to access the benefits of the CRS

38. As mentioned above, developing countries that did not host a financial centre were not asked to commit to implement the CRS to a particular timeline. They were instead invited to commit to a timeline of their choosing and offered the possibility to participate in a pilot project with another committed jurisdiction to assist them in implementing the CRS. Six pilot projects were established: Albania and Italy; Egypt and the United Kingdom; Ghana and the United Kingdom; Georgia and Germany; Morocco and France; and the Philippines and Australia. The pilot projects between Colombia and Spain and Pakistan and the United Kingdom have already come to successful conclusions, with Colombia that has started exchanges in 2017 and Pakistan in 2018. Azerbaijan and Ghana also committed voluntarily and have already commenced exchanges (on a non-reciprocal basis in the case of Ghana) in 2018 and 2019 respectively.

39. In order to expand the assistance given, the Global Forum adopted in 2017 a Plan of Action for Developing Countries' Participation in AEOI.²⁴ Under this Plan, developing countries were invited to undergo a preliminary assessment of their capacity to implement the CRS.

40. As a result of this ongoing work and in addition to the ongoing pilot projects, a further six developing country Global Forum members have declared their intention to commence exchanges by a specific date, with Ecuador, Maldives, Nigeria, Oman and Peru intending to commence exchanges in 2020. More commitments are expected in the near future.

²² Dominica and Niue.

²³ <https://www.oecd.org/tax/transparency/AEOI-terms-of-reference.pdf>

²⁴ <https://www.oecd.org/tax/transparency/plan-of-action-AEOI-and-developing-countries.pdf>

5. Conclusion and next steps

41. The widespread adoption of the Recommendation, the subsequent implementation of the CRS and the associated work streams have delivered a step change in international tax transparency and concrete results are already being delivered for governments worldwide.

42. Only five years after the CRS was released, the 6 100 exchanges that took place in 2019 between implementing jurisdictions is the biggest tax information exchange event in history. However, the exchanges themselves are not the end of the story. It needs to be ensured that the information exchanged is of a high quality so that the CRS is effective in ensuring tax compliance.

43. Tax administrations are already using the CRS data for risk assessment purposes, in pilot compliance programmes, and for pre-filing of tax returns in some cases. The use of data analytic techniques is also being explored. The FTA is aware of encouraging results in interventions where CRS data has been used, leading to higher settlements and greater efficiencies and has seen very good matching rates achieved by many jurisdictions because of advanced matching techniques and algorithms. The FTA will continue to support developments in this area through workshops and peer-to-peer assistance. The AEOI Effective Use Toolkit will be revised and updated to include learnings and best practices.

44. The Handbook for Promoting and Assessing Financial Institutions' Compliance with their CRS and FATCA Obligations will be updated and expanded as the collective experience of assessing and supporting financial institutions' compliance with CRS and FATCA grows, with the next iteration due in early 2020.

45. The Global Forum will also commence its peer reviews in relation to the effectiveness in practice of the implementation of the CRS in 2020, which include a focus on ensuring compliance by financial institutions, with ratings being assigned in 2021. It is also carrying out post-exchange assessments in relation to confidentiality and data safeguards, reviewing the actual systems and processes being used for exchange to ensure that the requirements are met on an ongoing basis. As the possibility of data being compromised within organisations can never be entirely eliminated, the Global Forum's processes also include a mechanism to assess and respond to data breaches. This mechanism was immediately activated when a breach impacting automatically exchanged data occurred in a jurisdiction in 2019. Exchanges with the jurisdiction were temporarily suspended while it strengthens its confidentiality and data safeguarding framework.

46. To make further progress towards the implementation of the CRS in developing countries, the Global Forum will continue to expand its support to them, helping their governments to assess their readiness to participate in the CRS and to arrive at a practical commitment date. Furthermore, many developing countries have asked for further work to be carried out on the use of information exchanged under the CRS and specifically on its use to tackle other illicit financial flows. In this respect, 11 Latin American countries have signed the Punta del Este Declaration²⁵, and 29 African countries have adhered to the Yaounde Declaration²⁶, both calling for strengthened action to tackle corruption and other financial crimes through the use of the information received. Another area where some countries have expressed interest in further work from the Global Forum is assistance in the recovery of tax arrears. These issues require further discussion at the Working Party No. 10 of the Committee on Fiscal Affairs to take into account various perspectives.

²⁵ <http://www.oecd.org/tax/transparency/Latin-American-Ministerial-Declaration.pdf>

²⁶ <https://www.oecd.org/tax/transparency/technical-assistance/declaration/what-is-the-yaounde-declaration.pdf>

47. Furthermore, consideration is being given to ensuring the CRS remains effective and work is being initiated to review the CRS to explore how it could be strengthened. This is supported by the fact that there is now experience in the implementation of the CRS both by governments and by financial institutions.

48. In addition, financial markets have seen significant developments over the last five years, in particular the rise of the FinTech sector and the growth of new financial products, such as e-money and crypto-assets. Given that the FATF has recently expanded anti-money laundering/ Know Your Customer (AML/KYC) requirements to the crypto-asset market, this is a good moment to consider the manner and extent to which this sector should be covered by the CRS, given that the AML/KYC documentation is a cornerstone of the CRS due diligence procedures. Many Global Forum members at their last plenary meeting also supported this.

49. In light of this, the objectives of the first review of the CRS are two-fold. Firstly, the review is to ensure that any existing issues under the current CRS are identified and addressed. This implies both strengthening the rules where weak spots have been identified, as well as adapting requirements where reporting is sub-optimal. Secondly, the review is to identify financial assets, products and intermediaries that should be included in the scope of the CRS, or of automatic exchange of information generally, because they are potential alternatives to covered financial products, in particular for those seeking to avoid CRS reporting.

50. With the above objectives in mind, the Working Party No. 10 of the Committee on Fiscal Affairs intends to deliver the resulting amendments to the CRS by the end of 2021.