GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Unleashing the potential of automatic exchange of information for developing countries

2021 Strategy

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BETTER POLICIES FOR BETTER LIVES

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Abbreviations and acronyms

CbC reporting	Country-by-Country Reporting
CRS	Common Reporting Standard
CRS MCAA	Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information
CRS-AEOI	Automatic Exchange of Financial Account Information in Tax Matters
CTS	Common Transmission System
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
ISM	Information Security Management
ISO	International Organisation for Standardisation
MAAC	Convention on Mutual Administrative Assistance in Tax Matters
Secretariat	Global Forum Secretariat
ToR	Terms of Reference

Executive summary

Since its adoption in 2014 by the members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), the Standard for Automatic Exchange of Financial Account Information in Tax Matters (Standard) has been a powerful tool to deter non-compliance and tackle tax evasion. The widespread implementation of the Standard ensures that tax administrations have transparency on foreign financial accounts held by domestic tax residents, even in the absence of a prior tax investigation or suspicion.

The impact of the implementation of the Standard has been impressive, with at least EUR 65 billion in additional revenue (tax, interest, and penalties) identified worldwide in the 2014-20 period through voluntary disclosure programmes launched prior the first exchanges (of which EUR 25 billion for developing countries). In addition, since 2017, the use of exchanged data has already helped deliver at least EUR 3 billion of additional tax revenues globally (EUR 500 million for developing countries).

While around 100 jurisdictions started their exchanges under the Standard in 2017-18, the participation of developing economies that are not G20 members nor host a financial centre has been limited. Only five jurisdictions of this category committed to start exchanging by 2018. By not participating in automatic exchanges, developing countries risk falling behind in their fight against abusive tax practices.

Since 2014, the Global Forum Secretariat has built a capacity-building programme to support the implementation of the Standard by developing countries. This programme has continuously improved over time, taking into account the experience gained and the lessons learned. It has delivered good progress with an increasing participation of developing countries in automatic exchange of financial account information and 22 developing countries already exchanging on a reciprocal basis.

While the progress towards implementation has been uneven across different developing countries, an overall positive trend can be observed which reflects the relevance and the improvement of the Secretariat's activities and methods in support of developing countries. The comprehensive capacity-building programme offered to them, including in the critical area of confidentiality and data safeguards, has increasingly reassured and encouraged developing countries about the feasibility of automatic exchange of information. Twelve additional developing countries have committed to start their first exchanges by a certain year between 2022 and 2024, and others are currently considering a suitable date for first exchanges with the Secretariat's support.

The successful implementation of the Standard by developing countries sends a positive signal to others and dispels the myth that this form of cooperation is unattainable for them. To reinforce the positive trend, the Secretariat has taken new steps to further improve its capacity-building programme. 2020-2021 has been a transition period in which new tools have been developed and new approaches have been tested aimed at maximising impact for developing countries. Also during this period, eight developing countries committed to implement the Standard and five others started their first reciprocal exchanges. On the back of these very encouraging results, the Secretariat is launching a new capacity-building strategy to further support the implementation of the Standard by developing economies.

This Strategy is built on a comprehensive capacity-building programme covering all the elements necessary for the implementation of the Standard. One key component of it is the development of decision-makers' and tax administration experts' knowledge of the requirements to implement the Standard through new tools and continued awareness-raising initiatives to ensure that the assisted jurisdiction is an informed actor in its capacity-building programme.

Another key component is the technical assistance activities. This component is now based on a modular approach which fosters a better allocation of resources and improves the monitoring of the delivery of the programme. Assessing the maturity of the information security management of the assisted jurisdiction's tax administration is the backbone of the programme, and a critical element of the Secretariat's modular methodology. This assessment informs the political commitment required for the implementation of the Standard, as well as the action plan to be carried out to meet the objective of exchanging reciprocally at the specific date committed to. All other elements of the Standard's implementation are also covered by modules.

This new Strategy, based on a strengthened approach to capacity-building and technical assistance, aims to unleash the full potential of automatic exchange of information for developing countries.

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1 Introduction

Developing countries are committed to implement the Standard for Automatic Exchange of Financial Account Information

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) seeks to counter international tax evasion and promote compliance by increasing global tax transparency, international cooperation and exchange of information.

The Global Forum achieves its mission through monitoring and peer reviews of member jurisdictions, as well as capacity-building and outreach activities to support jurisdictions' implementation of its two standards:

- the Standard for transparency and exchange of information on request
- the Standard for Automatic Exchange of Financial Account Information in Tax Matters, also known as the Common Reporting Standard (hereafter CRS-AEOI standard or Standard).[1]

The CRS-AEOI standard was developed by the OECD in 2014, working with G20 countries. Recognising that the Standard is a very powerful tax compliance tool giving tax administrations visibility over the foreign financial accounts of their residents, even without a prior tax investigation or suspicion, the Global Forum put in place a process to promote its global implementation, through collective commitments to agreed timelines.

Global Forum members, except developing countries[2] that did not host a financial centre, were subsequently asked to commit to:

- implementing the Standard;
- exchanging information with all other jurisdictions interested in receiving information from them and that meet the expected standards in relation to confidentiality and data safeguards (i.e. the interested appropriate partners);
- commencing exchanges in September 2017 or 2018.

This resulted in a group of 100 jurisdictions committing to exchanging information in 2017 or 2018, including 28 developing economies.[3]

Standard for Automatic Exchange of Financial Account Information in Tax Matters
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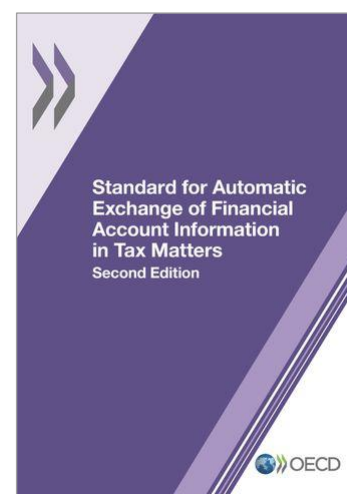
[1] OECD (2017), *Standard for Automatic Exchange of Financial Account Information in Tax Matters*, Second Edition, OECD Publishing, Paris, available at http://dx.doi.org/10.1787/9789264267992-en

[2] As defined by the OECD Development Assistance Committee for its list of countries and territories eligible to receive official development assistance (https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm).

[3] Of the 28 developing economies, 8 were G20 countries and 5 were developing countries that did not host a financial centre.

Developing countries that do not host a financial centre were not called on to commit to the 2018 deadline in recognition of the lower risk they posed to the level playing field and the necessity of providing for a longer implementation period to accommodate capacity building. They therefore committed to implement the Standard in a practical timeframe with the technical support of the Global Forum.

The benefits of the implementation of the Standard

The impact of the emergence of the Standard has been felt in the jurisdictions which committed to implement it, even before any exchanges occurred. The impact has been impressive with at least EUR 65 billion in additional revenue (tax, interest, and penalties) identified worldwide in the 2014-20 period through voluntary disclosure programmes launched prior the first exchanges (of which EUR 25 billion for developing countries). In addition, since 2017, the use exchanged data has already helped deliver at least EUR 3 billion of additional tax revenue (EUR 500 million for developing countries).

With millions of taxpayers having come forward to tax administrations to declare income and gains through VDPs,[4] the implementation of the Standard should result in a long-term increase in domestic revenue as these taxpayers continue to comply with their tax obligations. In addition, a number of taxpayers also started to spontaneously declare foreign assets or income that they were not reporting in previous years, which may potentially lead to additional revenues for the future.

Although the initial investment in the implementation of the Standard may appear significant, the medium to long-term return is high. This includes the possibility of using exchanged data for tax enforcement purposes (i.e. from tax assessment to tax collection), as well as a deterrent effect against tax evasion practices associated with the availability of offshore financial account information domestically.

By not participating in CRS-AEOI, developing countries risk falling behind in their fight against abusive tax practices. Conversely, by accessing automatically exchanged data for tax purposes, they stand to gain a lot by generating additional tax revenues to support development, improving tax compliance and helping preserve public trust in the tax system.

There are also synergies in implementing the Standard with other forms of automatic exchange of information or mandatory spontaneous exchange that further enhance potential revenue gains:

- country-by-country reporting (CbC reporting)[5]
- mandatory disclosure rules[6]
- reporting by digital platforms[7]

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[4] Global Forum / OECD (2020), *Tax Transparency and Exchange of Information in Times of COVID-19, 2020 Global Forum Annual Report*, available at https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2020.pdf

[5] OECD (2015), *Transfer Pricing Documentation and Country-by-Country Reporting,* Action 13 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, available at http://dx.doi.org/10.1787/9789264241480-en

[6] OECD (2018), Model Mandatory Disclosure Rules for CRS Avoidance Arrangements and Opaque Offshore Structures, OECD, Paris, available at www.oecd.org/tax/exchange-of-information/model-mandatory-disclosure-rules-for-crs-avoidance-arrangements-and-opaque-offshorestructures.pdf

[7] OECD (2021), *Model Reporting Rules for Digital Platforms: International Exchange Framework and Optional Module for Sale of Goods*, OECD, Paris, available at https://www.oecd.org/tax/exchange-of-tax-information/model-reporting-rules-for-digital-platforms-international-exchange-framework-and-optional-module-for-sale-of-goods.pdf and OECD (2020), *Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy*,

- exchange on tax rulings.[8]

The CRS-AEOI standard shares some of the key building blocks with these other exchanges, such as an international legal basis allowing for exchange of information, an appropriate confidentiality and data safeguards framework, administrative and IT capacity and a secure system to transmit the data with exchange partners.

Therefore, a developing country may wish to take advantage of the implementation of the Standard to simultaneously implement other forms of exchange. It may also wish to consider the potential implementation of these other forms of exchange at a later stage when implementing key building blocks, in particular when developing the IT infrastructure. The technical support available on confidentiality and data safeguards and other CRS-AEOI building blocks will therefore benefit those jurisdictions implementing other forms of automatic exchange or mandatory spontaneous exchange.

The Global Forum supports developing countries in the implementation of the Standard

The widespread implementation of the Standard is an important consideration for the achievement of the Sustainable Development Goals.[9] The implementation of the Standard by developing countries will contribute to their domestic resource mobilisation efforts by fighting more efficiently against international tax evasion and other illicit financial flows.

However, providing assistance in implementing a new international standard requires the Global Forum to take into consideration several factors:

- the evolving nature of the developing countries to be supported in terms of capacity, size of the financial sector and their specific objectives
- the experience gained and lessons learned from the capacity-building programme, including the CRS-AEOI pilot projects[10]
- new areas of assistance to be covered, including information security management (ISM)
- the resources available.

In this context, following the adoption of the Standard, the Global Forum Secretariat quickly developed a capacity-building programme to support its implementation by developing countries which has continuously been improved to best respond to the different needs of its members. This programme has matured over

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OECD, Paris, available at www.oecd.org/tax/exchange-of-tax-information/model-rules-for-reporting-by-platform-operators-with-respect-tosellers-in-the-sharing-and-gig-economy.htm.

[8] OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance*, Action 5 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, available at http://dx.doi.org/10.1787/9789264241190-en.

[9] See https://sdgs.un.org/fr/goals.

[10] Based on a triangular model that brings together the Secretariat, an advanced Global Forum member and/or development partner – which provide funding and technical support – and a developing member, pilot programmes deliver in-depth technical assistance for the implementation of the Standard. Three pilot projects (Colombia and Spain; Pakistan and the United Kingdom; Albania and Italy) came to successful conclusions with Colombia commencing exchanges under the Standard in 2017, Pakistan in 2018 and Albania in 2020. Five other pilot projects are ongoing: France and Morocco, United Kingdom and Egypt, The Philippines and Australia, Germany and Georgia, and Switzerland and Tunisia.

the years thanks to the experience gained and a regular review of the methods and tools used to deliver the assistance. There were mainly three phases that are further described in Table 1:

- **2015-17**: an initial phase at the early stage of the implementation of the Standard to support the 2017-18 committed jurisdictions to deliver on their commitments. The vast majority of the developing countries supported were either G20 countries or financial centres.
- **2018-19**: this second phase aimed at ensuring that more developing countries participated in CRS-AEOI including by extending the scope of the support provided to cover ISM.
- **2020-21**: building on lessons learned, the Secretariat has developed new methods and tools, tested new approaches and strengthened the critical ISM axis of its capacity-building programme on CRS-AEOI.

Table 1. The strengthening of the capacity-building programme on CRS-AEOI

Phase	Description
Phase 1 – 2015-17	In August 2014, the Global Forum published a Roadmap for Developing Country Participation in CRS-AEOI to support the implementation of the Standard.[11] The Roadmap aimed at helping committed developing jurisdictions, including financial centres, at the early stage of the implementation of the Standard so that they meet their commitment to start their first exchanges by 2018. Despite being encouraged to implement the Standard, only four developing countries that do not host a financial centre committed to do so.
Phase 2 – 2018-19	Building on this first phase of the capacity-building programme, the Secretariat refined its approach and improved the content of the assistance delivered. In November 2017, as the first exchanges under the Standard commenced, the Global Forum published its Plan of Action for Developing Countries' Participation in CRS-AEOI.[12] The Plan recognised that while developing countries are disproportionately exposed to the risks of international tax evasion and avoidance, many were yet to adopt the Standard and would require significant support in implementing it. The Plan was built on a step-by-step approach in which the support on ISM was a core component.
Phase 3 – 2020-21	The COVID-19 period was an opportunity for the Secretariat to review its overall capacity-building programme to adapt to the pandemic, innovate and improve its methods to achieve the widest impact for developing countries. A new strategy was released in December 2020, which contains the principles governing the overall capacity-building programme, including the support provided for CRS-AEOI.[13] During this transition period, the Secretariat has developed new tools and methods, including strengthening of the critical ISM support axis, that are now included in this 2021 Strategy.

The 2020-21 phase has been a transition period for the capacity-building programme for CRS-AEOI. A strategic reflection was launched in early 2020 to:

- identify the main difficulties encountered by developing countries when implementing the Standard
- assess the approach used when delivering technical assistance
- use in the best way possible the resources available to meet the demands of assistance.

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[11] Global Forum / OECD (2014), *Automatic Exchange of Information: A Roadmap for Developing Country Participation*, available at https://www.oecd.org/ctp/exchange-of-tax-information/global-forum-AEOI-roadmap-for-developing-countries.pdf

[12] Global Forum / OECD (2017), *The Global Forum's Plan of Action for Developing Countries Participation in Automatic Exchange of Information*, available at https://www.oecd.org/tax/transparency/documents/plan-of-action-AEOI-and-developing-countries.pdf

[13] Global Forum / OECD (2020), *Capacity Building, A New Strategy for the Widest Impact*, available at https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/Capacity-Building-Strategy.pdf

This reflection led to an ambitious action plan based on:

- a comprehensive approach to the technical assistance offered to implementing jurisdictions
- strengthened ISM support, with in-house ISM experts and a more structured and modular approach to delivering it
- the development of tools to build knowledge and ensure that the implementing jurisdiction is an informed and active partner in the capacity-building programme
- a modular process to better monitor progress, deliver the programme in a coherent and phased manner, and ensure the allocation of resources on the condition that the jurisdiction's level of commitment to the project is satisfactory.

Since the beginning the capacity-building programme has delivered good progress with an increasing participation of developing countries in CRS-AEOI as well as other forms of automatic exchange, in particular CbC reporting. While the progress has been uneven, there is a clear positive trend over the years as described in **Part 2**.

This trend reflects the improvements brought to the programme, which has increasingly reassured and encouraged developing countries about the feasibility of CRS-AEOI. The successful implementation of the Standard by developing countries sends a positive signal to others and dispels the myth that automatic exchange is unattainable for them.

To further support developing countries willing to implement the Standard, the Secretariat has therefore revisited its CRS-AEOI capacity-building strategy, as described in **Part 3**, taking into account the strategic reflection carried out.

Part 4 details the modular approach for the delivery of CRS-AEOI capacity-building services and the ISM component.

2 Stocktake of the progress achieved through the capacity-building programme

The capacity-building programme on automatic exchange of financial account information

Since 2015, the Global Forum Secretariat, working with its development partners, has been providing capacity building, including technical assistance, to support the implementation of the Standard by developing countries.

Intensive support has been provided in determining a practicable date of first exchanges under the Standard, making a political commitment to such date and implementing the necessary building blocks.

The CRS-AEOI building blocks (see Figure 1) are:

1. a domestic and international legal framework
2. a confidentiality and data safeguard framework
3. administrative and IT resources.

Figure 1. CRS-AEOI building blocks

Domestic and international legal framework

Confidentiality and data safeguards

Administrative and IT resources

The Secretariat has included all of these building blocks in its capacity-building programme as described in Table 2. The requirement for tax administrations to demonstrate an adequate level of confidentiality and data safeguards (building block 3), in particular, was identified as a particular challenge area for many tax administrations of developing countries due to:

- lack of experience or being at the early stages of the implementation of confidentiality and data safeguarding standards (e.g. the ISO/IEC 27000-series standards[14])
- lack of certain baseline security controls in the areas of physical security, human resource management or information technology
- shortcomings in the legal framework protecting the confidentiality and proper use of exchanged information
- lack of enforcement provisions and processes to address data breaches.

Confidentiality and data safeguards is also the most resource-intensive component of the capacity-building programme on CRS-AEOI as, unlike the other building blocks, which are largely standardised across jurisdictions, putting in place an adequate ISM framework is highly specific to each jurisdiction and may require intensive technical advice and support in relation to fundamental changes across a developing country tax administration. This may include changes to various security-related governance processes, business processes and IT systems in a tax administration as well as across government (e.g. whole of government IT services and inter-agency relations).

Over the years, the Secretariat has therefore strengthened its capacity and methodology to help developing countries implement the necessary confidentiality and data safeguards framework. Having initially delivered ISM support through external consultants, in 2019 the Secretariat hired an in-house ISM advisor to better meet the demands for support, working with the existing policy advisors. In 2020, a second in-house advisor was hired and a strategic reflection, alongside a re-assessment of technical assistance methods used, were carried out resulting in a new modular approach as described in Part 4 of the Strategy. The strengthening of the ISM capacity also enabled the publication of the flagship Confidentiality and ISM Toolkit in late 2020.[15] With the increasing interest in CRS-AEOI implementation by developing countries and therefore an increasing demand for ISM support, a third in-house ISM advisor will take up duties in 2022.

Table 2. Description of the building blocks and the technical assistance offered

Building block	Description	Technical assistance provided
Building block 1	A domestic and international legal framework to allow for CRS-AEOI exchanges and to introduce the due diligence and reporting obligations to identify and report the relevant financial accounts in accordance with the Common Reporting Standard (CRS).	Technical support was provided on drafting primary and secondary legislation and guidance, financial industry consultation, the procedural steps to join the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS MCAA).
Building block 2	Administrative and IT resources for the collection, processing, exchange and use of data.	Assistance was mainly provided on the connection to the OECD Common Transmission System (CTS), which is the principal global system for exchange used by the vast majority of jurisdictions, and making effective use of CRS data.
Building block 3	Confidentiality and data safeguards to ensure the proper handling and use of exchanged data, in line with the	Before a jurisdiction can receive data for the first time under the Standard, it must obtain clearance under the Global Forum's dedicated peer review on confidentiality and data safeguards,

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[14] The ISO/IEC 27000-series standards refers to the family of standards in the field of ISM published jointly by the International Organisation for Standardisation (ISO) and the International Electrotechnical Commission.

[15] Global Forum Secretariat - OECD (2020), *Confidentiality and Information Security Management Toolkit*, available at www.oecd.org/tax/transparency/documents/confidentiality-ism-toolkit_en.pdf

	requirements of the international agreement under which it was exchanged.	which evaluates tax administrations against dedicated Terms of Reference (ToR). This review process, conducted pre and post first exchanges, was agreed by all Global Forum members in order to provide multilateral assurance that jurisdictions participating in CRS-AEOI will adequately protect the confidentiality and appropriate use of the large volumes of data exchanged by their treaty partners. The peer review on confidentiality and data safeguards is therefore a key gateway for developing countries' participation in CRS-AEOI, as their tax administrations must demonstrate having an appropriate ISM framework aligned with internationally recognised standards and good practices.

The results of the capacity-building programme

Since 2015, the Secretariat, working with development partners, has provided capacity building to over 40 developing countries on the different components of the implementation of the Standard. The Secretariat's programme has yielded positive results in the last few years as it evolved and adapted to the needs of developing countries.

- **Out of the 108 jurisdictions that committed to implement CRS-AEOI by 2021, 34 are developing jurisdictions and 32 of them have met their commitment**, including 24 non-G20 countries (out of which 9 do not host a financial centre).

- In total, **22 developing countries are exchanging on a reciprocal basis**, including 8 out of the 9 non-G20 developing countries that do not host a financial centre. As a result, these jurisdictions can receive and use CRS data to fight offshore tax evasion and protect public revenues. This demonstrates the effectiveness of the programme in fast-tracking developing countries' access to CRS-AEOI.

- **14 developing jurisdictions that received assistance improving their ISM framework were subsequently cleared for reciprocal exchanges** in their confidentiality peer review, demonstrating the importance of ISM support. This included:
    - 8 jurisdictions that committed to exchanges by 2018, underwent a first review that assessed them as not sufficiently meeting the requirements, and made improvements with the Global Forum's support in order to be cleared in the follow-up review.
    - 6 jurisdictions that committed to first exchanges by a certain year between 2019 and 2021, received ISM support, and were cleared as of their first confidentiality peer review.

- Out of the 29 developing countries that have their legal framework peer reviewed so far, 17 have their legal framework determined as "In Place" and 9 "In Place But Needs Improvement".

- The implementation of CRS-AEOI by developing countries is taking off. **Since 2019, 12 additional developing countries have committed to start exchanges by a certain year from 2022 to 2024**, and others are currently considering a suitable date for first exchanges with the Secretariat's support.[16]

Table 3 further details the main outcomes achieved in the 2017-21 period.

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[16] The up to date list of commitments is available at https://www.oecd.org/tax/transparency/documents/AEOI-Commitments.pdf.

Table 3. Main outcomes of the capacity-building programme between 2015 and 2021

Period	Phase of the progamme	Outcomes
2015-18	Phase 1 – 2015-17 Phase 2 – 2018-19	• 20 out of the 28 developing countries that committed to start their first CRS-AEOI exchanges by 2018 met their commitment. Most of these jurisdictions were developing countries with a financial centre subject to external incentives for meeting their commitment. • Three non-G20 developing countries that do not host a financial centre committed to implement the Standard by 2018, and met their commitment. • Two other developing countries that do not host a financial centre postponed their commitment date from 2018 to 2019 as they were facing difficulties related or unrelated to the implementation the Standard. • In this period, seven new developing countries made a commitment to exchange under the Standard by a specific date. • Two CRS-AEOI pilot projects concluded in this period led to successful implementation and on-time exchanges (Colombia and Spain; Pakistan and the United Kingdom). • Four developing countries that committed to 2017-18 exchanges – but underwent a first confidentiality peer review not clearing them for reciprocal exchanges – successfully passed their follow-up confidentiality review to be cleared for reciprocal exchanges, following ISM support from the Secretariat.
2019	Phase 2 – 2018-19	• In this period, four new developing countries made a commitment to start exchanges under the Standard by a specific date. • Seven additional developing countries met their commitment to start CRS-AEOI. • Two developing countries that do not host a financial centre postponed their commitment date from 2019 to 2020 respectively as they were facing difficulties related or unrelated to the implementation the Standard. They exchanged in the subsequent year. • Four developing countries that committed to 2017-18 exchanges – but underwent a first confidentiality peer review not clearing them for reciprocal exchanges – successfully passed their follow-up confidentiality review to be cleared for reciprocal exchanges, following ISM support from the Secretariat.
2020-21	Phase 3 – 2020-21	• In this period, eight new developing countries made a commitment to start exchanges under the Standard by a specific date. • Five additional developing countries met their commitment to start CRS-AEOI as of November 2021. Another jurisdiction may exchange by the end of 2021. • One CRS-AEOI pilot project concluded in this period led to successful implementation and reciprocal exchanges (Albania and Italy). • Four developing countries that do not host a financial centre postponed their commitment date as they were facing difficulties related or unrelated to the implementation the Standard.[17]

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[17] Two jurisdictions postponed their commitment date from 2020 to 2021. One of them has exchanged as of November 2021 and the other one is expected to carry out the exchanges in the near future. One jurisdiction has postponed it

		• Five developing countries that committed to start their first exchanges by 2020 or 2021 successfully passed their first peer review on confidentiality and data safeguards clearing them for reciprocal exchanges following ISM support from the Secretariat.

The interest in the Standard and the demand for CRS-AEOI support from the Secretariat have substantially grown in recent years. Figure 2 illustrates this by showing the new developing country commitments to a specific date of first exchanges under the Standard made each year since 2015.[18]

Figure 2. Number of developing countries committing to a specific date (2015-21)
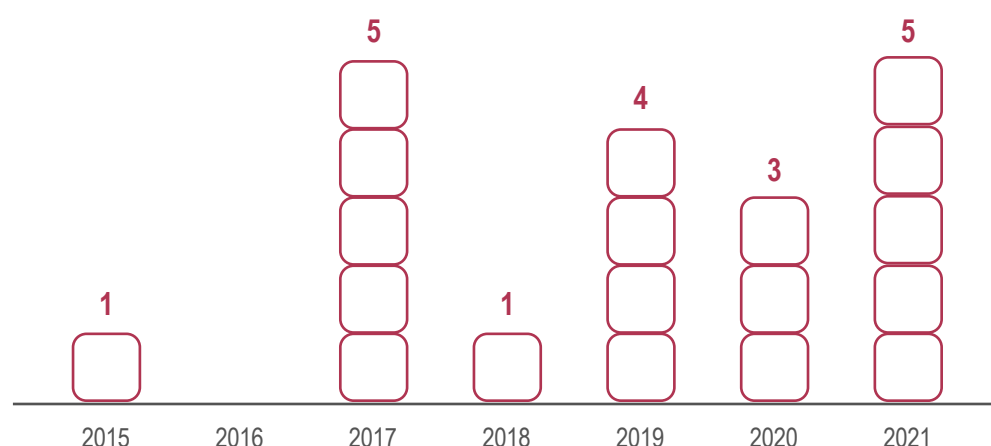
Lessons learned from the delivery of the capacity-building programme

Since 2018, the support provided on CRS-AEOI was based on the 2017 Plan of Action which outlined a step-by-step approach to be delivered to developing economies interested in implementing the Standard:

1 A preliminary evaluation of the jurisdiction's confidentiality and data safeguards framework is carried out.

2 An Action plan and a potential commitment date are elaborated in consultation with the jurisdiction and then approved by it.

3 A formal commitment to exchange under the Standard by a specific date is made by the jurisdiction.

4 The technical assistance programme is implemented and the jurisdiction's commitment is monitored.

Table 4 details each of these steps.

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commitment date from 2021 to 2022 and another from 2023 to 2024. These jurisdictions are expected to exchange in accordance with the new timeline.

[18] These developing countries are non-G20 countries. With the exception of one, they do not host a financial centre.

Table 4. Step-by-step approach under the 2017 Plan of Action

Step	Description
Step 1 **Preliminary evaluation**	Developing countries were invited to engage in a dialogue with the Secretariat on a practicable timeline for implementation of the Standard. A preliminary evaluation of the confidentiality and data safeguards framework of jurisdictions that came forward was carried out. The evaluations sought to identify how long it could reasonably take for each jurisdiction to satisfy the requirements and put in place other necessary components to commence exchanges.
Step 2 **Action plan and potential commitment date**	Based on the preliminary evaluation, the developing country, in consultation with the Secretariat, determined a practicable commitment date, which was then supported by a tailored staged action plan for CRS-AEOI implementation.
Step 3 **Formal commitment**	The developing country was then invited to make a formal high-level commitment to implement the Standard by a specific date (which could be adjusted to account for unforeseen circumstances), and to make sincere efforts towards implementing the Standard effectively, in a timely manner and in accordance with the agreed action plan.
Step 4 **Technical assistance and monitoring**	Technical assistance was provided by the Secretariat, subject to available resources and funding, along with other development partners. The Secretariat would monitor and assess whether jurisdictions delivered the necessary implementation steps in accordance with the agreed action plan. Where insufficient progress was made by an implementing jurisdiction, technical assistance was suspended.

Source: Global Forum / OECD (2017), *The Global Forum's Plan of Action for Developing Countries Participation in Automatic Exchange of Information*, op. cit.

Following the 2017 Plan of Action, the Secretariat and the Chair of the Global Forum issued invitations to developing country members at the political and official levels to engage in a dialogue with the Secretariat on a practicable timeline for implementation of the Standard. A number of jurisdictions responded positively and benefitted from an on-site visit for a preliminary evaluation, which led to the provision of technical assistance reports with proposed commitment dates, action plans and detailed gap analyses.

However, the results have been mixed:

- A number of jurisdictions successfully completed their implementation of the Standard, including by delivering the necessary ISM improvements.
- Other jurisdictions proceeded with the capacity-building work and are currently making good progress towards implementing the Standard (either to deliver an already made formal commitment, or in the course of exploring a future commitment).
- Some jurisdictions, on the other hand, for reasons associated with a loss of political will and/or diverging administrative priority, did not proceed to commit to an action plan, establish a commitment date and make a formal commitment. The Secretariat continued to prompt them from time to time.

The Secretariat sought to accommodate most requests for support. It became increasingly clear, however, that ISM support was particularly resource-intensive, requiring a large investment by the Secretariat from the start. This could not always be met by a sufficient level of resource commitment by the assisted jurisdiction. In addition, in some jurisdictions, the level of knowledge on the Standard was an impediment to having them play an active role in the capacity-building project, and therefore led to delays or, in some cases, to a lack of interest.

In light of the experience gained, the resources available, and the widespread demands for assistance, adjustments were therefore needed to rationalise the support provided and increase the positive impact

for developing members. These adjustments were also required to ensure that the technical support can continue remotely during the pandemic.

Central to the success of capacity building on CRS-AEOI are:

- the need for clear political will and resource commitment to the CRS-AEOI project by the assisted jurisdiction
- the necessity of increasing the knowledge of decision-makers and officials to ensure that the jurisdiction plays an active role in the project and the level of commitment remains high
- an allocation of Secretariat's resources where delivery is realistic and according to an appropriate timeline
- an improved monitoring system to react quickly where delays or risks are identified, or where mitigation or corrective measures must be taken, including the suspension or termination of the project.

In light of the particular complexity of delivering capacity building on CRS-AEOI, a new Strategy to unleash the potential of automatic exchange for developing countries has been developed, building upon the lessons learned.

3 A Strategy to unleash the potential of automatic exchange for developing countries

A revised strategy based on an enhanced modular approach

Building on the step-by-step approach outlined in the 2017 Plan of Action, a modular approach forms the basis of the Strategy. The modular approach aims at better managing resources by dividing technical assistance programmes into several coherent and logical modules with specific targets to be achieved in order to move from one module to another. The principles of this approach were outlined in the Global Forum's broader 2020 Capacity Building Strategy.[19]

The main objective is to ensure a consistent and efficient approach in assisting developing countries to implement the Standard. Resources should be appropriately allocated and concrete outcomes achieved, i.e. jurisdictions setting up the required legal framework, meeting an adequate level of confidentiality and data safeguards, being cleared to receive data in their confidentiality peer review, and making effective use of the data following receipt. This implies that assisted jurisdictions must be committed and engaged in the assistance process.

Key principles for capacity-building projects on automatic exchange of financial account information

The key principles to be followed in providing capacity building will be:

1. assisting where a request is made or potential is identified
2. obtaining an informed political commitment from the jurisdiction
3. relying on a strong ISM maturity assessment and technical assistance
4. a modular approach in delivering the capacity-building programme
5. providing comprehensive assistance in all components of the implementation of the Standard
6. partnering where possible with other development partners.

Table 5 further describes these key principles.

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[19] Global Forum / OECD (2020), *Capacity Building, A New Strategy for the Widest Impact*, op. cit.

Table 5. Six key principles governing the capacity-building programme on CRS-AEOI

Principle	Description
1. Assisting where a request is made or potential is identified	Capacity building, in particular technical assistance, should be in principle request based. However, the Secretariat will also be proactive by: • identifying and approaching jurisdictions which seem mature for a medium-term CRS-AEOI implementation (i.e. 3-4 years) • where appropriate, approaching jurisdictions at risk of being considered relevant for CRS-AEOI under the Global Forum's monitoring processes for non-committed jurisdictions (e.g. by virtue of developing a financial centre)[20] • also identifying jurisdictions that, while needing more time (i.e. 5-6 years), may stand to benefit greatly from CRS-AEOI and other forms of automatic exchange, e.g. large jurisdictions that are recognised to suffer considerably from tax-related illicit financial flows or corporate tax avoidance.[21]
2. Obtaining an informed political commitment from the jurisdiction	A jurisdiction should understand what it is committing to. This implies: • prior virtual/physical meetings with appropriate senior decision-makers to explain the Standard, its building blocks, the potential challenges and benefits, and the respective responsibilities of the jurisdiction, the Secretariat and, if any, its development partners • a formal commitment by the jurisdiction to the CRS-AEOI capacity building project, and its milestones and targets.
3. Relying on a strong ISM maturity assessment and technical assistance	Based on the experience to date, this assessment is the key step to determine the overall level of readiness of the jurisdiction for CRS-AEOI and usually a good indicator of its commitment to implementation. The ISM maturity assessment is also a good indicator of the overall pace of CRS-AEOI implementation that will be desirable, depending on the extent of the improvements to the confidentiality and data safeguards framework in the developing country's tax administration (if any) that will be required before the jurisdiction is ready to exchange the information. The Secretariat has better structured and phased its ISM support modalities in order to better inform the CRS-AEOI projects, determine the appropriate pace and extent of technical assistance, and monitor progress, as outlined in Part 4 of the Strategy.
4. Modular approach in delivering the capacity-building programme	Delivering the capacity-building programme based on a modular approach for the implementation of the agreed action plan, where the beginning of a next module will be linked to sufficient progress made in the previous one. This will enable: • monitoring the advancement of the work while managing resources • maintaining, documenting and supporting high-level communication • reacting to risks, delays or lack of commitments through appropriate measures

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[20] The Global Forum has established a process aimed at identifying jurisdictions of relevance for the implementation of the Standard in order to maintain a level playing field. Where a non-committed jurisdiction is considered relevant, this jurisdiction is expected to commit to exchange under the Standard according to a particular timeline.

[21] Following a profiling exercise made from publicly available information, the Secretariat has gathered information that can help identify developing countries for which the impact of the implementation of the Standard might be particularly significant. This information informs discussions with these countries and helps with decision making.

	• providing a clear narrative to relevant stakeholders on the level of advancement of the project.
5. Providing comprehensive assistance in all components of the implementation of the Standard	The technical assistance will cover all the building blocks of the implementation of the Standard in accordance with the modular approach to ensure that a committed jurisdiction will meet its commitment and benefit from the Standard in its domestic resource mobilisation efforts.
6. Partnering where possible with other development partners	Collaborating where possible with other development partners and jurisdictions in order to pool resources, benefit from additional expertise and foster experience sharing. Where possible, the triangular model of the CRS-AEOI pilot projects will be explored.

A new approach to capacity building

Creating knowledge development tools to support technical assistance

During the 2020-21 transition period of the capacity-building programme, the Secretariat developed various tools to build knowledge and capacities on the most relevant aspects of implementation of the Standard. These tools aim at establishing the foundations for sound technical assistance programmes where the supported jurisdiction is an informed and committed actor in the capacity-building project from the outset. This is because to inform the proper implementation design, strategy and action plan, a minimum level of understanding of the main implementation issues is required from senior decision-makers, and a sufficient technical knowledge is needed from their teams before engaging in a technical assistance programme focussed on the jurisdiction's specific circumstances.

The Secretariat therefore developed tools ranging from awareness raising to extensive technical guidance products in order to facilitate the establishment of sound and informed programmes that fit each jurisdiction's specific context (see Box 1).

Box 1. Knowledge development tools for the implementation of CRS-AEOI

In the 2020-21 period, the Global Forum has developed tools to support its technical assistance activities. Additional tools will be developed in next few years to address members' technical needs.

Toolkits

- A Toolkit for Becoming a Party to the Convention on Mutual Administrative Assistance in Tax Matters (2020) to highlight the benefits of the MAAC and providing guidance for jurisdictions interested in joining it.[22]
- The Confidentiality and Information Security Management Toolkit (2020) was designed to assist jurisdictions in their implementation of the confidentiality and ISM requirements under the Standard.[23]

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[22] Global Forum Secretariat / OECD (2020), *A Toolkit for Becoming a Party to the Convention on Mutual Administrative Assistance in Tax Matters*, available at www.oecd.org/tax/transparency/documents/MAAC-toolkit_en.pdf.

[23] Global Forum Secretariat - OECD (2020), *Confidentiality and Information Security Management Toolkit*, *op. cit.*

- A Toolkit for the Implementation of the Standard for Automatic Exchange of Financial Account Information (2021) to provide guidance on all aspects of the CRS-AEOI implementation to interested jurisdictions.[24]

ISM specific tools[25]

- Overarching Information Security Policy template
- Remote Access Policy template
- Information Security Officer terms of reference
- "Bring Your Own Device" Policy template
- Guidance on CRS-AEOI Portal Design and Development
- ISM Network of information security officers in tax administration

CRS tools[26]

- Models of primary legislation
- Models of secondary legislation

E-learning courses

- Module on the confidentiality and data safeguards assessment process (2021).
- Module on confidentiality and data safeguards requirements (2021).
- Module on automatic exchange of financial account information (Q1 2022).

Training

- Interactive Risk Management workshop

Note: The toolkits are available at https://www.oecd.org/tax/transparency/documents/key-publications-and-documents.htm and the e-learning courses are available at https://www.oecd.org/tax/transparency/resources/global-forum-e-learning.htm.

Providing comprehensive technical support for a successful implementation

The Global Forum's capacity-building programme provides technical support in the implementation of all building blocks of the Standard.

Designing an implementation strategy

One of the key areas for the successful implementation is the development of a sound implementation strategy. The implementation of the Standard in a jurisdiction should be conceived as a multi-work stream, medium-term project, the realisation of which should be based on a clear strategy. This strategy is the process by which the jurisdiction will translate its commitment to implement the Standard by a certain date into an action plan and related activities to achieve the defined objectives: exchanging CRS data as

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[24] Global Forum Secretariat / OECD (2021), *A Toolkit for the Implementation of the Standard for Automatic Exchange of Financial Account Information*, available at https://www.oecd.org/tax/transparency/documents/aeoi-implementation-toolkit.htm.

[25] Available to member jurisdictions upon request.

[26] Available to member jurisdictions upon request.

scheduled, and ensuring that the information being exchanged is complete and accurate. The action plan defined at senior levels will steer the work of the various stakeholders in the direction set out in the strategy.

The following considerations are the guiding threads in the capacity-building programme:

- **Commitment to a realistic timeline**

  Assistance is provided to ensure that a jurisdiction takes an informed decision when committing to implement the Standard in a specific timeframe. The jurisdiction should define a realistic date for its first exchanges, informed by the expert advice from the Secretariat. The work plan and action plan designed respectively in the context of the preliminary ISM maturity assessment and the subsequent detailed ISM maturity assessment should reflect those realistic timelines.

- **Implementation strategy**

  Guidance is given to jurisdictions to set up a domestic implementation committee that can develop the strategy, steer the project and monitor the implementation of the agreed action plans. The composition of the committee, the frequency of its meetings, and the reporting mechanisms should be defined taking into account the jurisdiction's specific circumstances.

  The work plan and the action plan developed in the context of the ISM maturity assessment phases will feed into the definition of the jurisdiction's strategy, including the timeline of the actions and activities to be carried out.

  Assistance will be available to inform and discuss strategic decisions and options as required.

Establishing a voluntary disclosure programme

A voluntary disclosure programme is an opportunity offered by a tax administration for taxpayers to come forward and regularise their tax affairs under favourable conditions. It offers a pathway for taxpayers to correct possible non-compliance, therefore facilitating the collection of missing revenue for governments without needing to allocate extensive administrative resources for compliance action.

Setting up such a programme is a strategic decision for a jurisdiction implementing the Standard. Many jurisdictions that have implemented it have established a voluntary disclosure programme as a last window of opportunity for non-compliant taxpayers to come forward and comply with their tax obligations before the first exchanges take place. These programmes have been very successful, with an impressive amount of revenue collected.

The Secretariat is available to assist an implementing jurisdiction that is considering such a programme.

Implementing an appropriate confidentiality and data safeguard framework

Technical assistance for the implementation of an appropriate confidentiality and data safeguards framework has been critical at the early stages of the capacity-building programme on CRS-AEOI. It has expanded substantially during the 2020-21 transition phase as part of putting in place a new modular approach to the ISM support (see Part 4 of the Strategy).

ISM is the backbone of the CRS-AEOI technical assistance, and the most resource intensive components. The ISM maturity assessment and technical assistance offered to an implementing jurisdiction structures the whole CRS-AEOI capacity-building programme, as:

- it informs the strategic decision of the implementing jurisdiction (including its commitment date)
- it assesses the tax administration's level of ISM maturity in order to evaluate its readiness for the confidentiality peer review and to define actions, measures and timeline needed to remedy potential gaps before the peer review takes place

- it supports in the preparation of action plans to implement or improve an ISM system, including setting up an AEOI secure perimeter[27]
- it helps the jurisdiction prepare its confidentiality peer review (i.e. understanding the ToR and methodology, and guidance on completing the peer review questionnaire).

The ISM technical assistance support is also available for jurisdictions implementing other forms of automatic exchange of information, in particular the CbC reporting.

Putting in place the legal framework

Assistance is provided in defining how best to put in place the international and domestic legal framework necessary for the effective implementation of the Standard, taking into account the specific circumstances of the jurisdiction. In addition, support is also provided in setting up this international and domestic legal framework. It includes:

- assistance to become a party to the MAAC and to sign and activate the CRS MCAA, in order to establish the international legal framework
- assistance in drafting and/or reviewing the primary and secondary legislation, as well as guidance to translate the CRS into the domestic legal framework
- support in the jurisdiction's consultations with its financial industry
- ongoing support to address any questions of the jurisdiction or any gaps identified in the context of the CRS-AEOI peer review process.

Supporting the setup of the administrative and IT requirements

To effectively implement the Standard a jurisdiction should put in place administrative and IT resources to:

- ensure compliance of financial institutions with their due diligence and reporting obligations
- collect CRS data from financial institutions
- exchange CRS data with partner jurisdictions
- use CRS data.

In all of these areas, the Secretariat provides guidance or assistance to the implementing jurisdictions on:

- the jurisdiction's compliance strategy for financial institutions
- the requirements of the CRS-AEOI portal which will be used for the reporting by financial institutions
- the preparation of CRS data to be sent to exchange partners
- the connection to CTS for the exchanges with exchanged partners
- the possible use of CRS data.

The Secretariat's support does not extend to funding the purchase of equipment and software. However, it may discuss with the jurisdictions possible options of financial support.

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[27] A secure perimeter refers to a highly secure physical and/or virtual environment within a tax administration (and therefore adequately protected in line with relevant standards), that enables jurisdictions to receive, keep safe, and handle information exchanged automatically, spontaneously or on request whilst longer term efforts are made to implement international ISM standards across the whole tax administration (Global Forum Secretariat - OECD (2020), *Confidentiality and Information Security Management Toolkit*, op. cit).

Continuous support

Ensuring the effective implementation of the Standard over time is also important. Therefore, the Secretariat is also available to support developing countries after the implementation of the Standard through assistance in:

- addressing gaps and deficiencies identified in the CRS-AEOI peer review process
- addressing gaps and deficiencies identified in the peer review process on confidentiality and data safeguards
- preparing for future peer reviews
- adapting the CRS-AEOI implementation to changes brought to the Standard, its practical modalities (e.g. changes in the CTS) or its ToR
- answering any CRS-AEOI related questions
- promoting peer-to-peer learning and experience sharing.

To also ensure that the level of confidentiality and data safeguards remains satisfactory taking into account the evolving nature of the risks and threats, an ISM Network has been established within the Global Forum which allows information security officers of member tax administrations to share knowledge, experiences and best practices for the continued improvement of confidentiality and data safeguards frameworks.

<u>4</u> The modular approach for the implementation of the Standard

Description and articulation of the modules

The capacity-building programme on CRS-AEOI can be divided into eight modules that comprehensively cover the key elements of the implementation of the Standard.

- **Module 1** (initial engagement and commitment to the project) will always be the first module to be initiated.

- Upon completion of module 1 and subject to the jurisdiction's commitment to the project, **module 2** (preliminary ISM assessment and work plan) will be launched.

- When the resulting work plan is agreed, **module 3** (detailed ISM maturity assessment and implementation plan) can be initiated. This will lead to a detailed action plan for the implementation of ISM requirements and other CRS-AEOI building blocks, with a proposed date of first exchanges submitted for discussion and approval by the jurisdiction.

- The commitment of the jurisdiction to implement the Standard by a specific date will then trigger the implementation of **modules 4 to 7** (respectively, comprehensive ISM technical assistance, legal framework technical assistance, support on exchanging data, and administrative compliance support) . These modules, or some of them, can be initiated either simultaneously or consecutively, and in the relevant order taking into account the circumstances of the assisted jurisdiction.

  However, the modules' progression will be monitored through a CRS-AEOI maturity and progress tool developed by the Secretariat to ensure that the programme advances as scheduled and to quickly react if not.[28] For instance, adjustments of project timelines may be needed due to unforeseen circumstances, further high-level meetings may be organised to ensure ongoing support for the project, or ultimately a project may be suspended if the agreed action plan is not met.

- **Module 8** (assistance on the effective use of exchanged data) would generally start in advance of the jurisdiction's receipt of the first data sets under automatic exchange, and continue afterwards.

- After completion of the programme, capacity building and technical assistance remains available to ensure continued support for the jurisdiction if the need arises.

Figure 3 summarises the articulation of the different modules for the implementation of the Standard.

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[28] The CRS-AEOI maturity and progress tool, which includes the overall action plan of the jurisdiction, allows for a comprehensive monitoring of implementation of the modules of the capacity-building project, including the related actions and activities.

Figure 3. The modular approach for the CRS-AEOI implementation
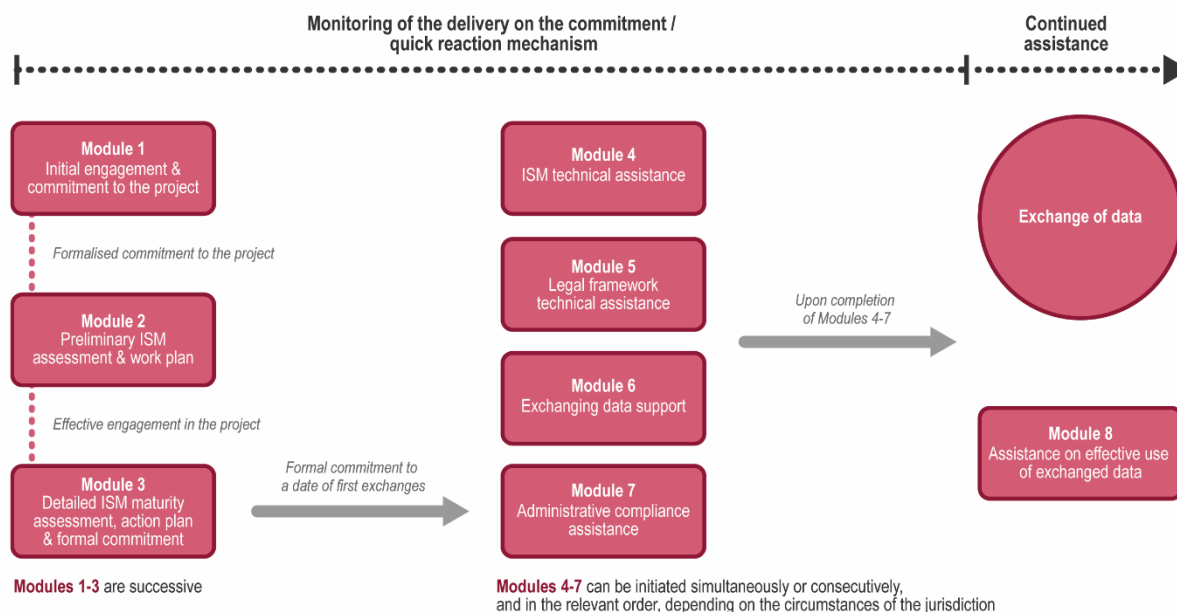
Module 1. Initial engagement and commitment to the capacity-building project on automatic exchange of financial account information

Meetings with appropriate senior decision-makers to discuss the jurisdiction's interest in the capacity-building project

Meetings with senior decision-makers are critical to raise awareness and ensure that a jurisdiction takes an informed decision when it comes to the implementation of the Standard. The meetings will be triggered either:

- at the request of the jurisdiction
- at the initiative of the Global Forum Secretariat.

The discussions will serve to outline the Standard and its three building blocks, the challenges and the potential benefits for the jurisdiction, and the respective responsibilities of the jurisdiction, the Global Forum Secretariat and the development partners.[29]

The initial engagement is therefore to ensure that the jurisdiction's political-level representatives and senior officials understand and accept the implications of implementing the Standard and proceeding with the project.

Regarding post-2015 members, which benefit from an Induction Programme,[30] the issue of the CRS-AEOI implementation will be discussed, where appropriate, as part of such a programme.

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[29] Where appropriate, partnerships with other development partners and/or jurisdictions that have already implemented the Standard (i.e. pilot project) will be considered.

[30] The Induction Programme is a comprehensive capacity-building programme provided by the Global Forum Secretariat to all its post-2015 members to help them implement the standards and benefit from them.

Seeking a formal commitment to the capacity-building programme

A formal communication from the Secretariat will then be issued to seek the jurisdiction's commitment to the CRS-AEOI capacity-building programme.

A template commitment letter will be provided for signature by the minister of finance or other high-level representative with authority to commit the jurisdiction (e.g. tax commissioner). The letter provided should express commitments to:

- implement the CRS-AEOI building blocks according to a practicable timeline (i.e. reiteration of one of the commitments expressed upon becoming a Global Forum member)
- work with the Secretariat to determine a practicable timeline for implementation, with a view to making a future formal commitment to a specific year of first exchanges
- collaborate throughout the preliminary evaluation by:
    o ensuring the participation of all relevant stakeholders
    o timely and thoroughly completing the peer review questionnaire on confidentiality and data safeguards, and responding to the capacity-building team's follow up questions
    o arriving at a tailored, staged and modular work plan for CRS-AEOI implementation
    o working with the capacity-building team in delivering the work plan.

For some members benefitting from an Induction Programme, it is recognised that CRS-AEOI may not be an immediate priority. In principle, CRS-AEOI support would be considered once the MAAC, the Standard of transparency and exchange of information on request, and other modules of the Induction Programme are sufficiently implemented.

Module 2. Preliminary information security management maturity assessment and work plan

Central role of the preliminary maturity assessment

A virtual preliminary ISM maturity assessment of the tax administration will be then organised, involving the key persons in the tax administration responsible for EOI and information security operations.

This assessment should provide the capacity-building team with a good understanding of the overall ISM framework, policies, governance and risk management approach in place as well as broad practicable timelines for the jurisdiction's implementation of a CRS-AEOI legal framework and relevant administrative/IT systems.

This step is key in establishing:

- the overall level of maturity and readiness for CRS-AEOI
- an appropriate and tailored work plan for a more detailed maturity ISM assessment
- an early sense of the potential timing of a formal commitment to a specific date of first CRS-AEOI exchanges.

The virtual preliminary ISM maturity assessment will also serve to provide guidance to the tax administration stakeholders on the confidentiality and data safeguards requirements and on completing the associated peer review questionnaire, with the cooperation of all relevant divisions in the tax administration.

Approval of the preliminary information security management maturity assessment and work plan report

The outcome of the virtual preliminary assessment is the preparation of a technical assistance report: the **Preliminary ISM Maturity Assessment and Work Plan Report**. This report is provided for the jurisdiction's comments and approval. It will outline the findings of the preliminary, high-level maturity assessment and a proposed work plan with the next steps in the capacity-building project.

While the work plan will always depend on the jurisdiction's unique circumstances, the following actions will generally be followed:

- The work plan will ordinarily propose a deeper analysis of the tax administration's ISM arrangements on the basis of a peer review questionnaire on confidentiality and data safeguards completed by it, and further ISM discussions (virtual or on-site, as appropriate) organised according to the specific topics of the peer review ToR on confidentiality and data safeguards. These discussions will be used to assess the ISM maturity of the tax administration at a detailed level and provide advice on meeting the requirements of the CRS-AEOI standard, as necessary.

- In parallel, the work plan will propose capacity building activities aimed at raising awareness and capability in relation to the other building blocks of the Standard, including:
  - primary and secondary legislation
  - adherence to the MAAC and CRS MCAA
  - administrative and IT systems
  - other important aspects such as consultations with the financial industry and the effective use of CRS data following successful implementation of the Standard.

Module 3. Detailed information security maturity assessment and recommendations for a practicable implementation action plan

Tailored approach for the maturity assessment phase

The detailed ISM maturity assessment phase will be carried out in accordance with the agreed work plan. The approach taken will vary depending on the level of maturity preliminarily assessed.

- Where the tax administration is deemed sufficiently mature based on the preliminary assessment, it will be directly asked to complete the questionnaire on confidentiality and data safeguards ahead of the detailed maturity assessment phase. The questionnaire will therefore be used to aid the capacity-building team's more detailed analysis, as well as a basis for possible recommendations and support on remedying potential gaps.

- If a tax administration's ISM framework is judged at a low level of maturity, completion of the questionnaire on confidentiality and data safeguards will not be initially sought. Instead, the work plan will first focus on explaining and supporting the jurisdiction's implementation of the foundational elements of an international standard-aligned ISM framework. Support on completing the questionnaire will be provided at a later stage, after the jurisdiction has implemented such elements to a sufficient level to be able to reflect them in its answers.

- The detailed ISM maturity assessment phase will generally commence with an onsite visit in order to better support the capacity building process (if possible, as during the COVID-19 pandemic, such visit may need to be replaced by additional teleconferences). This phase will then continue via further teleconferences as well as onsite visits, as necessary.

The ISM maturity assessment will form the basis for a detailed recommendations report and action plan to be agreed with the jurisdiction, including the capacity-building team's recommended commitment date for first exchanges under the Standard.

Approval of the information security management maturity assessment and recommendations report and formal commitment to an exchange date

A detailed **ISM Maturity Assessment and Recommendations Report** will be provided to the jurisdiction upon completion of the detailed maturity assessment phase, for its comments and formal approval. This presupposes that a sufficient gap analysis covering all relevant aspects of the confidentiality and data safeguards requirements has been completed, as determined by the capacity-building team.

The report will:

- acknowledge any progress made by the jurisdiction in remedying possible ISM gaps since the capacity-building project began (e.g. addressing gaps identified in the Preliminary ISM Maturity Assessment and Work Plan Report)
- explain what further remains to be done – and why – via a detailed gap analysis with underlying factors and recommendations against each requirement of the ToR on confidentiality and data safeguards
- include an action plan for implementation of the broader CRS-AEOI building blocks. This will generally be a tailored, staged and modular action plan with firm steps, milestones and deadlines with respect to each building block, covering:
  - remediation of ISM issues and preparation to undergo the peer review on confidentiality and data safeguards
  - enactment of primary and secondary CRS legislation and guidance, as well as potential support with financial industry consultations and guidance
  - procedural steps for adherence to the MAAC and CRS MCAA
  - on-boarding to the CTS
  - administrative and IT systems for CRS-AEOI
  - effective use of data following successful implementation of the Standard.
- include a recommended political commitment date for first exchanges with respect to the Standard.

Depending on the duration of the detailed maturity assessment phase (which may be extended in some cases, e.g. the tax administration is starting from a low maturity level), it may be appropriate for the capacity-building team to provide interim reports to the jurisdiction.

The jurisdiction will be invited to make a formal high-level commitment to a specific year for first exchanges under the Standard on the basis of the agreed action plan.

The report will be used to track the progress made and the expected increase in maturity of the jurisdiction in accordance with the jurisdiction's commitment. The commitment and the action plan's deadlines may subsequently be adjusted to account for unforeseen circumstances that may affect the project, as appropriate. These adjustments should be reasonable.

Module 4. Comprehensive ISM technical assistance to support implementation

Comprehensive technical assistance will then be provided to the jurisdiction as needed, organised around the agreed action plan.

The depth and intensity of the support provided will be prioritised and adjusted having regard to factors including but not limited to:

- jurisdictions' progress delivering the implementation steps and milestones
- whether there is a particular urgency to the work arising from domestic circumstances or legislation or international treaty obligations, e.g. an established date for CRS-AEOI or CbC reporting exchanges
- the relative capacity and assistance needs of the jurisdictions.

The capacity-building team will deliver bespoke assistance and advice on the implementation of ISM policies, governance and security controls in the various areas of the ToR on confidentiality and data safeguards. It will also draw on ISM resources available that may be of use to the tax administration, such as the Secretariat's ISM tools, e-learning and toolkit.

The capacity-building team will provide the jurisdiction a **Closing Report** when it reasonably determines that the jurisdiction has reached sufficient ISM maturity to trigger its peer review on confidentiality and data safeguards in advance of the first scheduled exchanges. The closing report will generally acknowledge that the requirements appear to have been sufficiently addressed, and recommend that the jurisdiction requests to undergo its formal peer review.

The capacity-building team will remain available to guide the jurisdiction to progressively mature its ISM system, as necessary, even after a successful completion of the peer review.

Module 5. Legal framework technical assistance

The implementation of the legal framework should be started as soon as the jurisdiction commits to a specific date to ensure that it is in place in due time for the first exchanges. The Secretariat has developed models of legislation available to the implementing jurisdiction and will provide assistance in adapting these models to the national context. The capacity-building team may also participate in consultations with financial institutions and ongoing support to reply to their implementation questions.

The capacity-building team will also support the jurisdiction with its adherence to the MAAC (if relevant) and the signing and activation of the CRS MCAA.

The setup of the domestic and international legal framework demonstrates the commitment of the jurisdiction to implement the Standard.

As part of the legal framework assistance, guidance can also be provided for the implementation of a voluntary disclosure programme.

Module 6. Support on exchanging data

The implementing jurisdiction should, as soon as it has committed to a specific date, take relevant decisions with respect to the administrative and IT systems it will implement to enable financial institutions to file CRS data to be sent to exchange partners. The Secretariat will be available to provide guidance and technical advice on key elements such as the requirements of the jurisdiction's CRS-AEOI filing portal or its connection to the CTS.

Module 7. Administrative compliance assistance

The implementing jurisdiction will also need to reflect on how it will ensure compliance with the CRS due diligence and reporting obligations by financial institutions. This issue is linked to other considerations such as the functionalities required for the CRS-AEOI portal (e.g. registration of financial institutions, data analytics, etc.), the legal framework (e.g. nil reporting requirements, sanctions for non-compliance, anti-avoidance provisions), and the administrative and IT resources available for the governmental supervision of financial institutions' CRS obligations.

The Secretariat will help the jurisdiction design and implement an effective compliance framework that also meets the requirements of the Global Forum's peer review on the legal and enforcement frameworks with respect to the Standard.

Module 8. Assistance on the effective use of exchanged data

The ultimate goal of the implementation of the Standard is to receive CRS data from exchange partners and use this data for compliance purposes. The effective use of CRS data to tackle tax evasion and enforce domestic laws is a key area where the Secretariat can provide support. Support is provided both in the form of general training workshops and bespoke technical advice. In particular, the Secretariat will help the jurisdictions develop their own strategy taking into account their specificities.

The implementation of this strategy may then be further supported through a Tax Inspectors Without Borders project[31] which transfers knowledge and skills to developing country tax officials using a practical, "learning by doing" approach under strict confidentiality rules.

Focus on the Jurisdictions' journey through the ISM modules

A jurisdiction's journey through the ISM support will be guided by the capacity-building team's reports at each stage, as described in **modules 2-4** and summarised in Table 6.

Table 6. ISM technical assistance reports

| ISM Preliminary Maturity Assessment and Work Plan Report	ISM Maturity Assessment, Recommendations and Action Plan Report[32]	ISM Closing Report
Table of Contents	Table of Contents	Table of Contents
Abbreviations and Acronyms	Abbreviations and Acronyms	Abbreviations and Acronyms
Executive Summary	Executive Summary	Executive Summary
Introduction	Introduction	Introduction
Key Preliminary Findings and Initial Recommendations	Overview of Findings and Key Recommendations	Overview of Capacity-Building Project
Graphic Overview of Maturity	Graphic Overview of Maturity	Progress Made on Recommendations
High Level CRS-AEOI Work Plan (timeframes for ISM detailed maturity assessment and other CRS-AEOI work)	Next Steps	Graphic Overview of Maturity
	Detailed CRS-AEOI Action Plan (with recommendation for a date of first exchanges and implementation of ISM and other building blocks)	Next steps

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[31] http://www.tiwb.org/

[32] An intermediary report may be also prepared depending on the level of maturity of the jurisdiction.

	Annex A – Detailed Table of ISM Issues Identified and Recommendations	Annex A – Detailed Table of Progress against the ISM Issues Identified and Recommendations
	Annex B – Jurisdiction's Draft Confidentiality Questionnaire with the Capacity-Building Team's Annotations	

Table 7 presents an example of the evolution of an assisted jurisdiction's ISM maturity, with the strengthening of its confidentiality and data safeguards framework between November 2020 and July 2021 as illustrated in the annotated diagrams. The monitoring is done through the Information Security Management Maturity and Progress Tool developed by the Secretariat. This tool is used throughout the ISM project to capture key information with respect to the jurisdiction's gaps against the ToR for the confidentiality and data safeguards peer review, its actions and timeframes to remedy those gaps, and graphical representations of ISM maturity at different points in time.

Table 7. Improvement of the level of ISM maturity of a jurisdiction through technical assistance

| At start of ISM support (November 2020)	Current status with ISM support (July 2021)
The following diagram provides an example of the graphic representation of a jurisdiction's ISM maturity as assessed before and after several iterations of ISM support (as included in the preliminary maturity assessment report and subsequently in the technical assistance progress report). It is intended to illustrate the maturity posture of the jurisdiction against each of the Core Requirements and Sub-requirements of the ToR for the confidentiality and data safeguards peer review, and where further improvement can be made.	
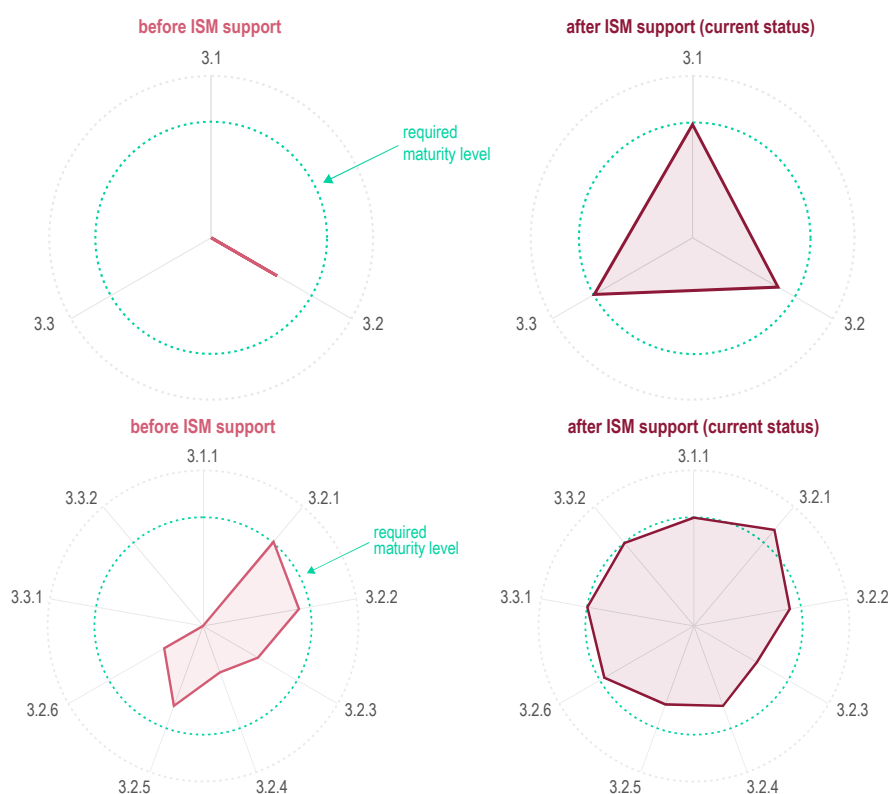
The following diagram is an example of bar charts used in the ISM technical assistance reports to show the progress of the individual ISM measures implemented in the jurisdiction and its level of compliance with the peer review ToR. The assessment of the maturity level is done based on the information provided in the questionnaire for the confidentiality peer review and/or during the technical assistance meetings.

The bar charts at the top show the jurisdiction's progress from having a majority of the measures assessed as 'Not started' or 'Intuitive' at the commencement of the project, to a majority of 'Documented' measures and an increase in 'Managed' measures later in the project, following ISM support. The bar charts at the bottom show the jurisdiction's progress from having most requirements of the peer review ToR assessed as 'Insufficient' or 'Informal', to having a majority of them assessed as 'Convincing' (and one as 'Mature').

For the assessed status of individual ISM measures, the following definitions are used: Not started – the required measures do not exist or are not in place; Intuitive – the measure exists but is not supported by formalised documentation; Documented – the measure is accepted but not yet in force (if it concerns the legal framework) or is formally implemented by policy decision and supporting organizational procedures (if it concerns a security control); Managed – the measure is in force (if it concerns the legal framework) or is implemented and measured for effectiveness (if it concerns an security control).

For the assessed level of compliance with the peer review ToR, the following definitions are used: Insufficient – necessary measures are mostly not implemented; Informal – measures are in place but not described through defined processes; Convincing – measures are carried out through defined and documented processes; Mature – measures are formally executed, documented and reviewed systematically.
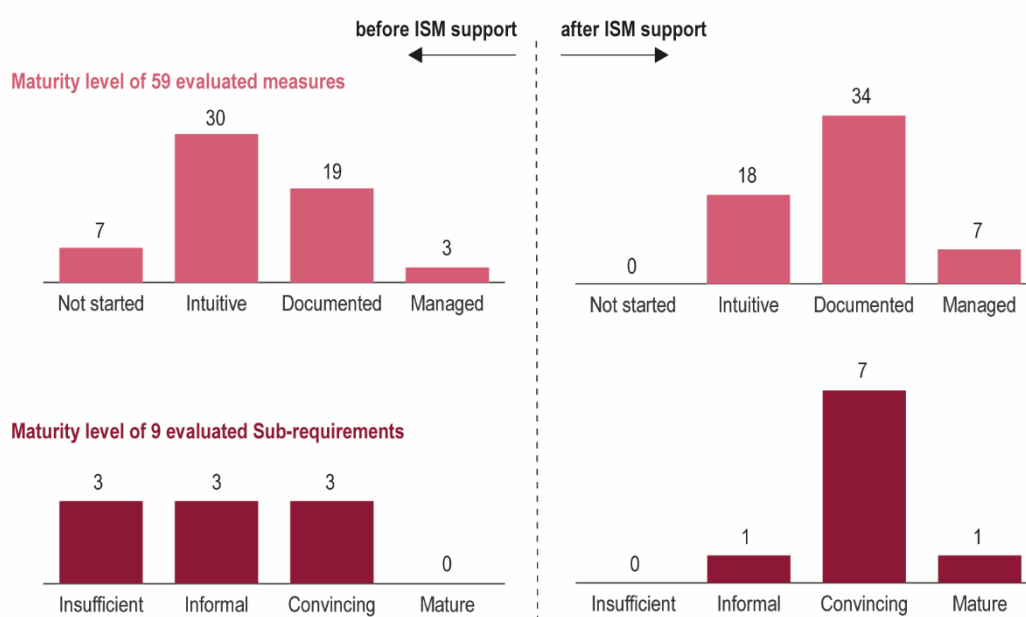

The last two diagrams show the evolution of the jurisdiction's ISM maturity over time, based on the snapshots of maturity taken during the technical assistance project (global maturity score in the first diagram, and score per Sub-requirement of the confidentiality peer review ToR in the second diagram).

Global maturity score evolution, November 2020 - July 2021
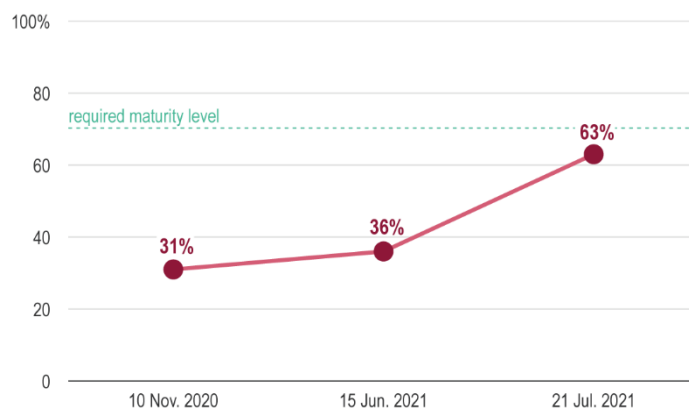
Sub-requirements maturity score evolution, November 2020 - July 2021
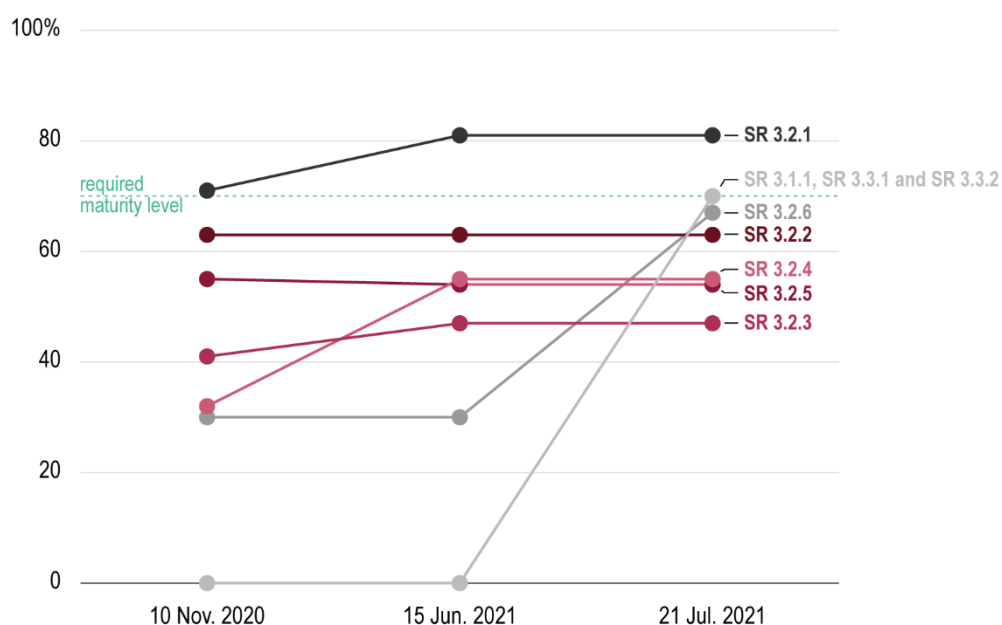
Source: Global Forum Secretariat, Information Security Management Maturity and Progress Tool.

5 Conclusion

Since the adoption of the Standard by the Global Forum's members, the Secretariat has provided assistance and guidance for its effective implementation. Over the years, the capacity-building programme has evolved building on the experience gained and the lessons learned. The programme has grown in maturity to become more comprehensive with a sound methodology based on new tools, in-house expertise and strengthened monitoring of the assisted jurisdictions' commitment to the project.

The continuous improvement of the automatic exchange of information capacity-building programme has produced significant results with more and more developing countries exchanging automatically on a reciprocal basis. Critical to these positive results has been the intensive technical assistance on confidentiality and data safeguards, in particular with respect to ISM, which is the backbone of the programme. The successful implementation of the Standard by developing countries has sent a positive signal to others and dispels the myth that automatic exchange is unattainable for them. Aware of the benefits from the Standard and reassured by the support available from the Secretariat, more developing countries are taking steps toward its implementation.

With this new Strategy and the financial support of its donor partners[33], the Global Forum Secretariat will continue to provide its unique expertise and know-how to unleash the potential of automatic exchange of information for developing countries.

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[33] The delivery of the Global Forum's capacity-building programme is only made possible thanks to the financial support and the trust of our donor partners. The list of the donor partners is available at https://www.oecd.org/tax/transparency/what-we-do/

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