

Global Forum on tax transparency pushes forward international co-operation against tax evasion

30/10/2015 – Major implementation milestones are being met by members of the world’s leading forum on tax transparency as the international community continues to move ahead towards greater tax transparency. The imminent shift to the automatic exchange of information will send a strong warning to tax evaders.

Significant strides towards a major increase in tax transparency have been made since last year when over 90 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes committed to automatically exchange information, beginning in 2017 or 2018. Panama and the Cook Islands are the latest financial centers to join these bringing the total number to 96. With these commitments, all major financial centers are now part of the efforts to enhance international tax cooperation. The timely and effective implementation of these commitments was a key theme during the Oct 29-30 meeting of the Global Forum held in Bridgetown, Barbados which brought together delegates from the Global Forum’s 128 member jurisdictions, as well as representatives of international organisations.

The work of the Global Forum is key for Barbados and the Caribbean region,” said Donville Inniss, Barbados’ Minister of Industry, International Business, Commerce and Small Business Development, and Vice Chair of the Global Forum Steering Group. “Barbados was proud to host the 8th Global Forum meeting which is the kick-off to a new era of automatic exchange of information and tax compliance.”

With financial information set to begin to be collected from 1 January 2016 in around 50 jurisdictions, governments around the world are quickly changing their domestic laws to ensure financial institutions report information on financial assets held for non-residents.

The meeting marked 13 new signings of the Multilateral Competent Authority Agreement – Antigua and Barbuda, Barbados, Belize, Bulgaria, Cook Islands, Grenada, Japan, Marshall Islands, Niue, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten and Samoa – which strengthens the international operational framework for the exchanges and brings the total number of signatories to 74.

The Global Forum has already established a real-time monitoring process to keep track of the delivery of the commitments made and to identify areas where support is needed, as well as started to assess the confidentiality standards and data safeguards in all the committed jurisdictions. The Global Forum will continue work in the areas of monitoring, implementation assistance, and reviews. It will support developing countries – in cooperation with the World Bank Group and other international organisations – so they also receive the benefits the move to automatic exchange offers. As a reflection of the growing interest of developing countries to participate fully in the benefits of enhanced tax transparency, Ghana also announced its intention to engage in automatic exchange of information starting in 2018.

Underscoring the continued importance of the work on the standard of exchange of information on request, the Global Forum adopted changes in the standard to include a requirement for beneficial ownership for all legal entities for its new round of reviews scheduled to be launched in 2016.

As part of completion of the ongoing round of peer reviews, 16 new peer review reports were published. The Phase 1 reports on Azerbaijan, Gabon, Romania and Senegal which assessed their legal and regulatory frameworks concluded that these were in place to enable them to move to Phase 2 of the review process, which will assess exchange of information practices. Five Phase 2 reviews of exchange of information practices were also published concluding that the overall compliance rating assigned for Colombia is “Compliant”, for Latvia and Liechtenstein “Largely Compliant,” and for Costa Rica and Samoa “Partially Compliant.”

Jurisdictions continue to request supplementary reviews to demonstrate changes made following recommendations of the Global Forum. Supplementary reports of three jurisdictions - Brunei Darussalam, Dominica and Panama - that were originally blocked from Phase 2 concluded that they are now ready to move to the next stage. Supplementary reports were also approved for Cyprus, Luxembourg and the Seychelles that had been previously been rated as Non-Compliant and in each case, following significant changes to their legal frameworks or practices, the new overall rating of Largely Compliant was assigned.

The Global Forum has now completed 215 peer reviews and assigned compliance ratings to 85 jurisdictions that have undergone Phase 2 reviews.

Global Forum members resolved to intensify the ongoing efforts to ensure that developing countries are able to fully benefit from participation in the advances in transparency. Through its Africa Initiative, it will continue to focus on greater engagement with African countries and also work with other developing countries to build capacity to improve cross border taxation through effective use of exchange of information, both on request, and automatic.

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More information about the Global Forum:

- Website of the Global Forum: www.oecd.org/tax/transparency
- Exchange of Information Portal: www.eoi-tax.org – Follow the latest news on exchange of information networks and peer reviews for all jurisdictions.