

GLOBAL FORUM ON
**TRANSPARENCY AND EXCHANGE OF
INFORMATION FOR TAX PURPOSES**

Tax Transparency in Asia 2023

Asia Initiative Progress Report

Preface

African and Latin American jurisdictions found their voices on tax transparency and domestic resource mobilisation in their respective regions by taking full ownership of the tax transparency agenda and setting up the Africa Initiative and the Latin America Initiative. The call was not so obvious in Asia, given the diversity and numerous disparities that exist among members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) and with the other countries in the region.

Echoing the famous idiom “When the going gets tough, the tough get going”, it was at the most critical time that Asian members of the Global Forum (Asian members) joined efforts to face the consequences of the unprecedented crisis caused by the COVID-19 pandemic. They came together, to promote an enhanced use of tax co-operation, to achieve a sustainable recovery and long-standing mobilisation of domestic resources.

In less than a year, and under the leadership of the G20 Presidency of Indonesia in 2022, a major milestone towards establishing an inclusive regional initiative for tax transparency was achieved with the endorsement of the Bali Declaration (Asia Initiative Declaration) by 13 ministers from Asian members of the Global Forum in July 2022.

Since then, four more ministers have given their political commitment to the Asia Initiative. The high-level action plan of the Asia Initiative, that Co-Chairs will have the responsibility to steer until 2026, shall pave the way forward to assist both the Asia Initiative members and

countries in the region to maximise the effective use of the information exchanged under the international tax transparency initiative. It will also strengthen domestic tax policy and administration by supplying governments with much-needed resources for the benefit of their citizens.

Tax Transparency in Asia 2023 retraces Asia’s EOI journey from 2009 to 2022 and reflects the progress achieved in the past 14 years. It highlights areas necessitating more work and shows how the Asia Initiative may play a critical role towards more positive outcomes in the years to come.

This is the first edition of what will be a series of annual reports, as part of the various efforts to advance transparency and the exchange of information for tax purposes in Asia.

This report was made possible thanks to the Asian members, the Global Forum Secretariat and various development partners, which contribute to and support the Bali Declaration.



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22

ASIAN MEMBERS OF THE GLOBAL FORUM

Azerbaijan • Armenia • Brunei Darussalam • Cambodia • China (People's Republic of) • Georgia • Hong Kong (China) • India • Indonesia • Japan • Kazakhstan • Korea • Macau (China) • Malaysia • Maldives • Mongolia • Pakistan • Philippines • Singapore • Thailand • Uzbekistan • Viet Nam

In italics, Asian members of the Global Forum which are not members of the Asia Initiative.

5

PARTNERS OF THE ASIA INITIATIVE

Asian Development Bank • Commonwealth Association of Tax Administrators • International Finance Corporation • Study Group of Asia-Pacific Tax Administrations and Research • World Bank



Acknowledgements

Tax Transparency in Asia 2023 is the first progress report of the Asia Initiative. It provides an overview of the progress achieved in Asia between 2009 and 2022, the year of establishment of the Asia Initiative.

The authors* are grateful to officials from the ministries of finance and tax administrations of the 22 Asian members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), which provided information by responding to the 2023 Tax Transparency in Asia survey. Their efforts in gathering the most accurate data and their patience in providing further clarifications have been critical to the quality of this report.

Finally, the Global Forum Secretariat expresses its appreciation to the five development and technical partners for adding their support in setting up the Asia Initiative and for promoting the tax transparency agenda in Asia.

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Third Asia Initiative meeting, 8 November 2022, Seville, Spain.

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Abbreviations and acronyms

Asian members	Asian members of the Global Forum
ADB	Asian Development Bank
AEOI	Automatic Exchange of Financial Account Information
AML	Anti-money laundering
APRG	Automatic Exchange of Information Peer Review Group
CA	Competent Authority
CATA	Commonwealth Association of Tax Administrators
CRS	Common Reporting Standard
CRS-MCAA	Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information
CTS	Common Transmission System
DRM	Domestic Resource Mobilisation
DTC	Double Taxation Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
FATF	Financial Action Task Force
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
GST	Goods and Services Tax
IFC	International Finance Corporation
IFFs	Illicit Financial Flows
ISM	information security management
MAAC	Convention on Mutual Administrative Assistance in Tax Matters
MCAA	Multilateral Competent Authority Agreement
MIRA	Maldives Inland Revenue Authority
OECD	Organisation for Economic Co-operation and Development
SAARC	South Asian Association for Regional Co-operation
SGATAR	Study Group on Asian Tax Administration and Research
TIEA	Tax Information Exchange Agreement
ToR	Terms of Reference
VAT	Value Added Tax
VDPs	Voluntary Disclosure Programmes
WB	World Bank

Executive summary

A number of Asian economies joined the international efforts to combat tax evasion and other illicit financial flows (IFFs) from the start, as founding members of the restructured Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) in 2009. This engagement resulted in additional revenue. Since 2009, Asian members of the Global Forum (Asian members) have identified at least EUR 20.1 billion in additional revenue (tax, interest, and penalties) thanks to exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI), including voluntary disclosure programmes and offshore tax investigations.



Executive summary

While the number of Asian jurisdictions members of the Global Forum has grown in the past decade (22 members today), 11 Asian countries have not yet joined the leading international body working on the global implementation of the transparency and exchange of information standards.

The existing bilateral and regional EOI networks and the wide participation to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, expanding Asian jurisdictions' exchange of information (EOI) networks to over 2 800 EOI relationships, combined to a solid commitment to the work of the Global Forum through wide representation in its working groups, and to the implementation of the EOI standards, have largely contributed to the state of play of EOI in the region.

Members' efforts have been largely supported by an inclusive and sustainable capacity-building programme which has evolved with the EOI landscape over the years. Many Asian countries that received assistance from the Global Forum in the past years recognise the importance of the support received.

Collaboration with development partners has been a major asset to create effective synergies that facilitate the implementation of the tax transparency commitments in the region. Together with the Global Forum, and through coordinated approaches, they have helped respond to the growing demand for capacity building and assistance in the region.

However, and although adherence to the international standards is wide in Asia, the effective use of the EOI standards is still uneven. Indeed, the number of EOI requests made and the level of commitment to the AEOI standard are still low in some countries, and some Asian members are therefore not fully benefiting from the tax transparency standards. This is particularly important in a post-COVID-19 pandemic context, where governments over the world need additional revenue to sustain their public services.

Against this background, Asian ministers took advantage of the particular circumstances to innovate their approach to international tax co-operation. On 17 November 2021,

Indonesia, as the 2022 G20 President, and the Asian Development Bank announced their support to the launch of a regional initiative focused on supporting Asian members, to foster the fight against tax evasion and other IFFs and enhance domestic resource mobilisation.

Less than a year after it was announced, and under Indonesia's leadership, the Asia Initiative was established. In July 2022, in the presence of the Secretary-General of the OECD, ministers from 13 Asian members set ambitious objectives for the region through their endorsement of the Bali Declaration, a political call to enhance the use of tax co-operation to sustain mobilisation of domestic resources. Later in 2022, three more members brought their voices to the Bali Declaration*. The Asia Initiative, which also serves as a platform for collaboration and experience sharing, is supported by the Asian Development Bank, the Commonwealth Association of Tax Administrators, the International Finance Corporation, the Study Group of Asia-Pacific Tax Administrations and Research and the World Bank, all of which became partners of the Initiative in 2022.

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Ministers from 13 Asian members set ambitious objectives for the region through their endorsement of the Bali Declaration in July 2022, a political call to enhance the use of tax co-operation to sustain mobilisation of domestic resources.

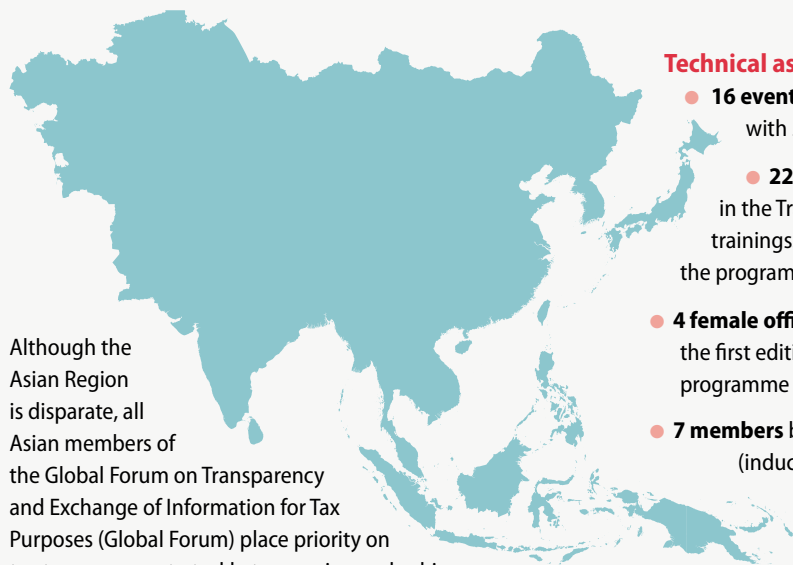
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The Asia Initiative's high-level work plan follows the priorities set up by its members.

This first Tax Transparency in Asia report is therefore crucial, as it takes stock of the state of EOI in Asia and details Asian members' progress in implementing the tax transparency and EOI standards and the resulting benefits for the years 2009-2022. Its key findings will help inform Asia Initiative members on issues they wish to concentrate future efforts on.

* The Philippines endorsed the Bali Declaration and joined the Asia Initiative in January 2023

Overview of tax transparency in Asia (2022)



Although the Asian Region is disparate, all Asian members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) place priority on tax transparency to tackle tax evasion and achieve a sustainable recovery through enhanced tax co-operation. They are building strong exchange of information (EOI) infrastructures through the establishment of dedicated units and the allocation of resources for staff, trainings and technical tools. Nevertheless, sustainable capacity building for tax administration staff, particularly tax auditors, needs to continue. Although Asian members of the Global Forum (Asian members) have significantly expanded their EOI networks, 94% of the requests sent are from five Asian members. Other members are still making very few requests for information. The implementation of the automatic exchange of financial account information (AEOI) standard is gaining ground with 14 Asian members exchanging financial account information in 2022. However, the benefits obtained from an effective use of the Common Reporting Standard (CRS) data are uneven among implementing Asian members. In addition, work remains to be done to ensure all countries in the region participate in this global standard.

The Bali Declaration

16 signatories*: Armenia, Brunei Darussalam, China (People's Republic of), Hong Kong (China), India, Indonesia, Japan, Kazakhstan, Korea, Macau (China), Malaysia, Maldives, Mongolia, Pakistan, Singapore and Thailand.

5 partners: Asia Development Bank / Asia Pacific Tax Hub, Commonwealth Association of Tax Administrators, International Finance Corporation, Study Group on Asian Tax Administration and Research and World Bank.

Asia in the Global Forum

22 Asian jurisdictions are members of the Global Forum (13% of total membership): Armenia, Azerbaijan, Brunei Darussalam, Cambodia, China (People's Republic of), Georgia, Hong Kong (China), India, Indonesia, Japan, Kazakhstan, Korea, Macau (China), Malaysia, Maldives, Mongolia, Pakistan, Philippines, Singapore, Thailand, Uzbekistan, Viet Nam.

* The Philippines signed the Bali Declaration in January 2023.

Technical assistance provided in Asia in 2022

- **16 events** were organised and attended by 1 708 officials, with 56% of female participants
- **22 participants** from 12 Asian members participated in the Train the Trainer programme and delivered 20 local trainings. Over 1 000 officials were trained in 2022 thanks to the programme, with a 49% female participation rate
- **4 female officials from 4 Asian members** participated in the first edition of the Women Leaders in Tax Transparency programme
- **7 members** benefited from an intensive mentoring programme (induction programme): Armenia, Cambodia, Maldives, Mongolia, Thailand, Uzbekistan, Viet Nam
- **5 other members** benefited from tailored technical support
- **7 Asian members** joined the Global Forum's Information Security Management network

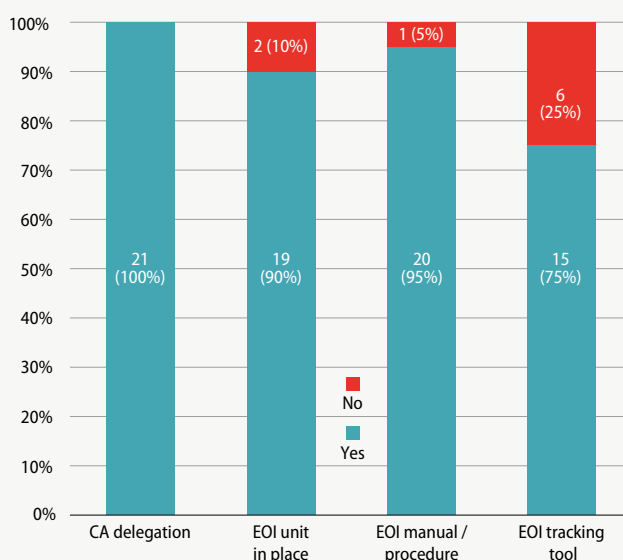
EOI implementation in Asia

Almost all Asian members expressed that EOI was a high priority, but the need to build more sustainable capacities continues to be critical.

Most Asian members indicated that the level of knowledge on EOI, particularly among tax compliance staff, is "medium", and seven members considered that the level of knowledge is "high".

Asian members have set up the core elements for effective EOI. Work is ongoing to fill the remaining gaps.

Share of Asian members with EOI organisational arrangements and technical tools



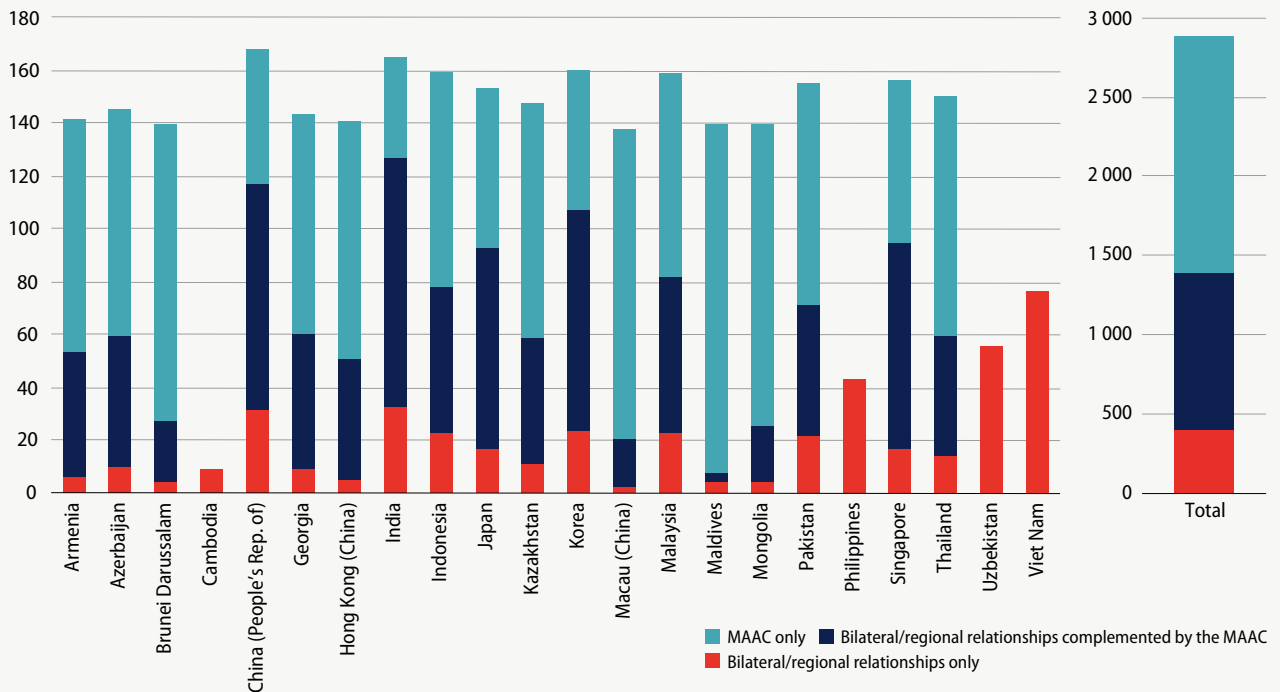
Note: Responses from 21 Asian members. The labels show the number of jurisdictions that have EOI organisational arrangements and technical tools, and the corresponding percentage in brackets.

Source: Tax Transparency in Asia survey 2023.

Asian members have developed strong EOI networks

As of 2022, Asian members have entered into numerous regional or bilateral EOI agreements to foster tax co-operation among them. The total number of bilateral and regional relationships amounts to more than 1 350 agreements signed and in force. Thanks to the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) these relationships amount to over 2 800.

Asian members' EOI relationships in force

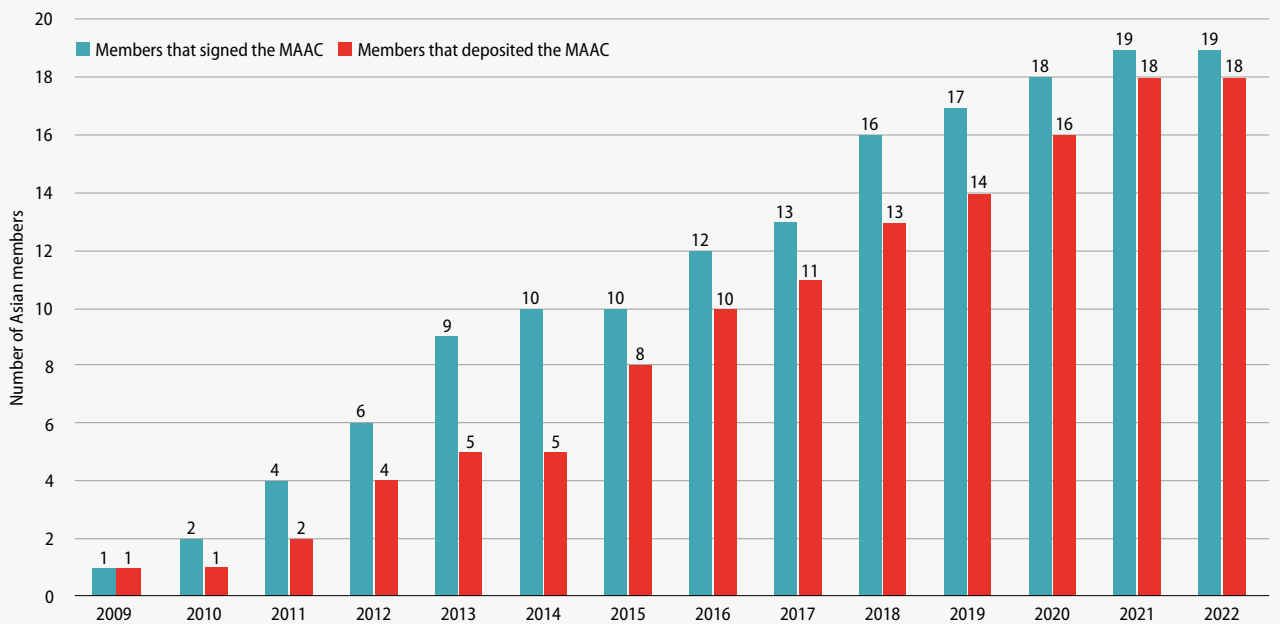


Note: Only agreements in force are included.

Source: Global Forum.

Asian members have rapidly increased their EOI relationships and 19 are now parties to the MAAC. However, to reap the benefits of the wide network the MAAC offers, signatories must ratify it. Domestic ratification may sometimes be challenging, and more assistance may be required to expedite ratification procedures.

Asian members' participation in the MAAC



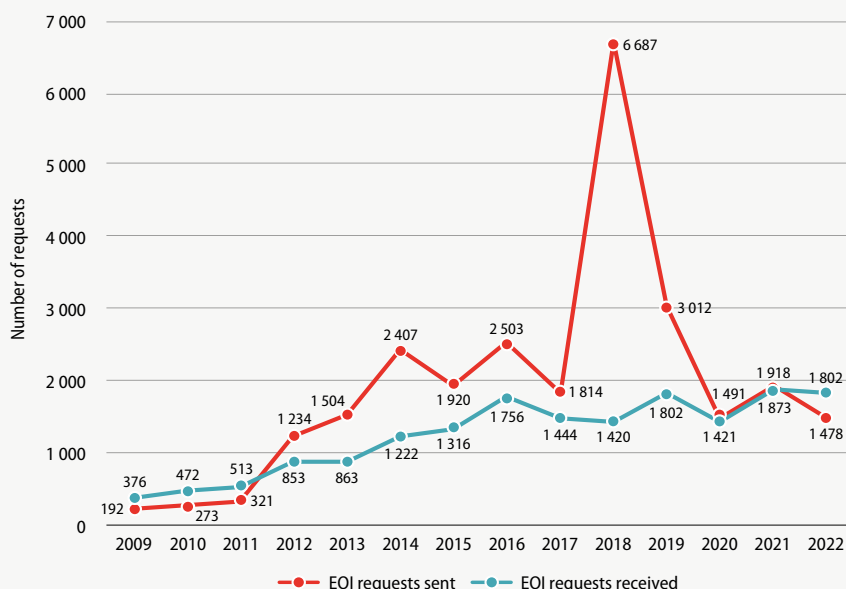
Note: the labels show the number of Asian members that signed or deposited the MAAC.

Source: Status of Multilateral Convention, https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf.

EOI requests sent and received by Asian members

Disparities exist between Asian members, as shown by the fact that 94% of the requests sent between 2009 and 2022 originated from only five countries. The fluctuation in the number of requests sent in 2018 results from leaks that prompted investigations and the first AEOI exchanges in 2017 and 2018.

Number of EOI requests sent and received by Asian members, 2009-2022



Note: Responses from 20 Asian members.

Source: Tax Transparency in Asia survey 2023.

AEOI implementation in Asia

Out of the 22 Asian members, 16 have committed to AEOI by a specific date: 14 have already exchanged CRS information under the AEOI standard since 2017, and 2 are committed to start their first exchanges in 2023 and 2024.

Year of first exchanges	Country
2017	India, Korea
2018	Azerbaijan, Brunei Darussalam, China (People's Republic of), Hong Kong (China), Indonesia, Japan, Macau (China), Malaysia, Pakistan, Singapore
2021	Kazakhstan
2022	Maldives
Commitment to start AEOI in 2023	Thailand
Commitment to start AEOI in 2024	Georgia
Not yet committed to AEOI	Armenia, Cambodia, Mongolia, Philippines, Uzbekistan, Viet Nam

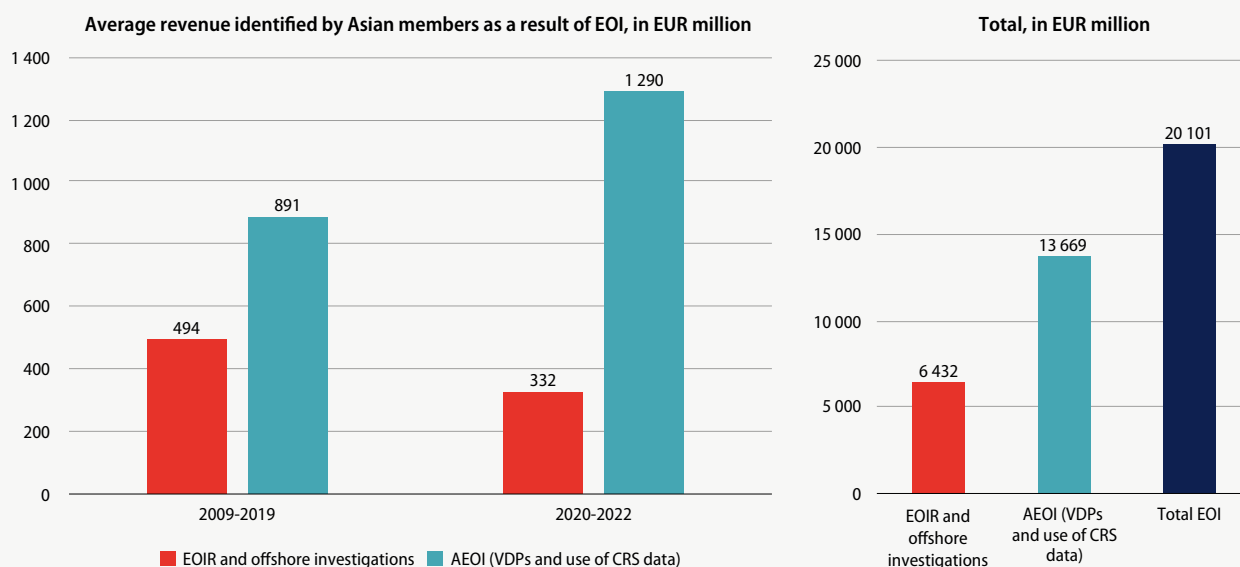
Note: In 2023, Armenia and Mongolia committed to start AEOI by 2025 and 2026 respectively.

Source: <https://www.oecd.org/tax/transparency/AEOI-commitments.pdf>

Revenues identified as a result of EOI*

11 Asian members identified EUR 20.1 billion in additional revenue (tax, interest, and penalties) thanks to exchange of information on request (EOIR) and AEOI, including voluntary disclosure programmes (VDPs) and offshore tax investigations: 10 Asian members identified over EUR 6.4 billion as a result of EOIR and offshore investigations, while 8 identified over EUR 13.6 billion through the use of CRS data and VDPs launched prior to the first AEOI exchanges. The increase in the period 2020-2022 is explained by some Asian members which reported they had identified revenues following use of CRS data and VDPs. Not all Asian members were able to report on the revenues identified.

Revenue identified in Asian members as a result of EOI



Note: Responses from 10 Asian members for EOIR data and 8 for AEOI data. The labels show the average and total additional revenue identified as a result of EOIR or AEOI by the members in EUR million.

Source: Tax Transparency in Asia survey 2023.

* 11 Asian members provided data with regards to additional revenue.

1

A tax transparency initiative for Asia

Tax evasion and other forms of illicit financial flows (IFFs) are a global problem that hinders domestic resource mobilisation (DRM), undermines the credibility of tax systems, and results in significant revenue loss for governments. Curbing tax evasion and other IFFs is therefore critical to achieve the development goals of the 2030 Agenda for Sustainable Development,¹ including the Addis Ababa Action Agenda.² Tax transparency has been a critical tool to address these serious issues, with concrete impact on DRM. At the core is the regional and global co-operation between tax administrations, which ensures the cross-border exchange of information (EOI) relevant for tax purposes. As in all regions of the world and despite the progress achieved, tax evasion and other IFFs remain an issue in Asia and deprive governments of much-needed resources for their development strategies. This is a concern even more pregnant in the current economic and geopolitical context. To support recovery efforts and ensure greater tax co-operation in the region, the Asia Initiative was launched in 2021 and fully set up in 2022.

1. Resolution adopted by the General Assembly of the United Nations on 25 September 2015, A/RES/70/1, *Transforming our World: The 2030 Agenda for Sustainable Development*, <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>.

2. Addis Ababa Action Agenda adopted by the Third International Conference on Financing for Development in Addis Ababa, Ethiopia, 13-16 July 2015 and endorsed by the General Assembly of the United Nations in its resolution 69/313 of 27 July 2015, https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf.

TAX TRANSPARENCY, A CONCRETE CONTRIBUTION TO CURBING ILLICIT FINANCIAL FLOWS

The current global landscape makes the fight against tax evasion and other IFFs even more pressing: the aftermath of the COVID-19 pandemic and the geopolitical crisis resulted in slower economic growth, increased government expenditure on public health, social and economic support, and other areas. This resulted in reduced tax revenues, hindering states' finances. With a debt outlook deteriorated and the rise in interest rates, the ability to finance the debt, in particular for developing economies, is challenging, while the fiscal space is reducing due to the inflation.³ Gaps in countries' abilities to address these crises continue to render the recovery challenging, including the collection of much-needed revenues. This context has intensified the public perception that tax evasion and other IFFs are no longer acceptable.

Since 2009, the Global Forum has been leading the global efforts to fight tax evasion and other IFFs through transparency and EOI for tax purposes, thus promoting sustainable development. EOI is at the core of international tax co-operation. It provides for the cross-border sharing of information for tax purposes between tax authorities, to detect, prevent and counter tax evasion and avoidance, to ensure the correct application of a jurisdiction's domestic tax legislation and to foster domestic tax compliance. These tools allow tax authorities to extend the reach of their oversight globally, allowing them to bolster their DRM capabilities.

Through its monitoring, assesment and support for the implementation of the two international tax transparency standards – EOIR and AEOI standards, the Global Forum has contributed since 2009 to a new tax transparency environment. This resulted in at least EUR 114 billion of additional revenue (tax, interests and penalties) identified by Global Forum members in the period 2009-2021.⁴ Collective actions and inclusive collaboration remain nonetheless critical. Multilateral

co-operation, at global and regional level, and the use of tax transparency have become more significant, helping sustain the recovery and development by mobilising additional domestic resources.

ILLICIT FINANCIAL FLOWS, HARDLY MEASURABLE BUT TANGIBLY AFFECTING DOMESTIC RESOURCE MOBILISATION

IFFs can be defined as all cross-border outflows of money with illegal origin or destination. They are “generated by methods, practices and crimes aimed at transferring financial capital out of a country in contravention of national or international laws”.⁵ IFFs represent a significant hurdle to international development efforts, and usually involve a wide range of financial crimes such as tax evasion, money laundering and corruption. They also have a considerable negative impact on revenue collection, depriving governments of crucial resources to finance public services and development projects.

Being illegal and hidden by nature, IFFs are intrinsically difficult to measure. Nevertheless, there is a widespread consensus that their scale, which is generally estimated in billions or trillions, is significant and growing continually. Based on different methodologies and approaches, at least 394 studies tried to estimate the amount of IFFs between 1982 and 2019. These global estimates range from USD 125 billion to USD 15 trillion a year.⁶ However high the exact amount might be, IFFs clearly result in considerable revenue losses for governments.

Asia, like the rest of the world, is not spared from this plague. For instance, it was reported that in 2004-2013, Asia accounted for 38.8% of the estimated USD 7.8 trillion that developing countries lost due to IFFs, and, in 2013 alone, it amounted to USD 482 billion.⁷ This study concluded that the region had the most significant volume of, and the fastest growth rate in IFFs. Another study estimated that, in 2016, 4% of Asia's

3. UNDP (2022), *Avoiding 'Too Little Too Late' on International Debt Relief*, <https://www.undp.org/publications/dfs-avoiding-too-little-too-late-international-debt-relief>.

4. OECD (2022), *Raising the Bar on Tax Transparency - 2022 Global Forum Annual Report*, <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2022.pdf>.

5. OECD (2014), *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264203501-en>.

6. Unger, Brigitte, Lucia Rossel, and Joras Ferwerda (2021), *Combating Fiscal Fraud and Empowering Regulators: Bringing tax money back into the COFFERS*, Oxford, <https://doi.org/10.1093/oso/9780198854722.001.0001>.

7. Global Financial Integrity (2015), *Illicit Financial Flows from Developing Countries: 2004-2013*, https://gfintegrity.org/wp-content/uploads/2015/12/IFF-Update_2015-Final-1.pdf.

A tax transparency initiative for Asia

TABLE 1. **Estimates of offshore wealth and corresponding revenue loss (2016)**

	Offshore wealth (EUR billion)	Share of financial wealth held offshore (%)	Tax revenue loss (EUR billion)
Europe	2 300	11%	55
United States	1 300	4%	30
Asia	1 200	4%	25
Latin America	900	27%	19
Africa	800	44%	17
Canada	300	9%	5
Gulf countries	600	58%	0
Total	7 900	8%	155

Source: Zucman, G., Fagan, T. L., & Piketty, T. (2017), *The Hidden Wealth of Nations: The Scourge of Tax Havens*, op.cit.

financial wealth, amounting to EUR 1 200 billion, was held offshore, leading to a potential annual revenue loss of EUR 25 billion for the region (see Table 1).⁸

Developing economies are particularly affected, as these flows deprive nations of crucial funds to pursue their development agendas. As governments plan on a long-term recovery and resilience strategies, tackling more effectively tax evasion and other forms of IFFs is increasingly pressing.

THE ASIA INITIATIVE, CONVERTING A MOMENTUM INTO CONCRETE ACTIONS

In less than a year, the idea of an Asia Initiative, launched at the end of 2021, has developed into a comprehensive, politically-supported framework with a clear action plan to support regional efforts in implementing and using the tax transparency standards to better recover and mobilise domestic resources.

A momentum for a regional initiative for Asia

Despite the need for jurisdictions to collect more revenues, Asian countries' participation in the

multilateral efforts towards tax transparency is uneven. Disparities exist between Asian members of the Global Forum (Asian members) but also among Asian countries.

For instance:

- The Global Forum counted 22 Asian members (65% of the Asian countries) by the end of 2022, meaning that 11 other Asian countries are not yet participating in the global tax transparency efforts.
- While all Asian members are committed to implement the EOIR standard, only 16 have so far committed to start AEOI by a specific date.⁹
- Not all Asian countries, including Asian members, have a sufficiently broad EOI network in line with the international standard, and cannot therefore take full advantage of the benefits of tax transparency in fighting tax evasion and other IFFs.

Yet, the impact of the implementation and the use of the tax transparency standards as a tool to combat tax evasion and other IFFs is far from neglectable, including in Asia. Asian members most involved in EOI have reported at least EUR 20.1 billion of additional revenues since 2009. This is certainly the low range, as not all Asian members monitor the impact of EOI in relation to DRM and not all Asian countries participated in the Tax Transparency in Asia survey.

Against this background, Indonesia's 2022 G20 Presidency created a momentum to launch an Asia Initiative fitting under the theme "Recover Stronger, Recover Together". On 17 November 2021, during the 12th plenary meeting of the Global Forum,¹⁰ Indonesia's Minister of Finance, H.E. Sri Mulyani Indrawati, and the President of the Asian Development Bank (ADB), Mr Masatsugu Asakawa, supported the launch of the Global Forum's Asia Initiative¹¹ and called jurisdictions in the region to join this important milestone to support post-pandemic recovery efforts.

8. Zucman, G., Fagan, T. L., & Piketty, T. (2017), *The Hidden Wealth of Nations: The Scourge of Tax Havens*, Second edition updated and extended, Le Seuil.

9. Developing countries that do not host a financial centre were not asked to commit to a specific date to start AEOI.

10. Statement of outcomes and news release respectively available at <https://www.oecd.org/tax/transparency/documents/2021-global-forum-plenary-meeting-statement-of-outcomes.pdf> and <https://www.oecd.org/tax/transparency/documents/global-forum-members-continue-multilateral-efforts-to-advance-transparency-agenda-and-fight-tax-evasion.htm>

11. OECD (2021), Brochure: Asia Initiative: Sustaining the recovery through enhanced tax transparency, <https://www.oecd.org/tax/transparency/documents/asia-initiative.pdf>.

TABLE 2. **The regional approach of the Global Forum**

Regional Initiative	Political declaration	Participants
Africa Initiative ^a	Yaoundé Declaration	35 members, 16 partners and donors.
Latin America Initiative ^b	Punta Del Este Declaration	15 members, 1 observer and 4 technical partners.
Pacific Initiative ^c	—	16 members, 7 partners.

a. More information at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/africa-initiative.htm>.

b. More information at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/punta-del-este-declaration.htm>.

c. More information at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/pacific-initiative.htm>.

Building on its successful regional approach (see Table 2), which complements the work carried out at global level, the launch of an Asia Initiative aims to support the implementation and the use of the tax transparency standards, enhance regional co-operation and address specific needs to support governments' recovery efforts.

The main objectives of the Asia Initiative are to:

- focus on Asia as a region
- grow the awareness on the benefits of tax transparency to combat tax evasion and IFFs
- maximise the implementation and effective use of the tax transparency standards to tackle these tax evasion and IFFs and enhance DRM
- harness the region's potential through multilateral co-operation and knowledge and experience sharing among Asian members.

Throughout a series of events hosted by Indonesia, the Asia Initiative was fully established in 2022, with a governance and an ambitious work plan, all backed at the ministerial level.

The Bali Declaration, the political impetus for the Asia Initiative

The political impulse to the Asia Initiative was given by the endorsement at ministerial level by 13 Asian members of the Asia Initiative Declaration on 14 July 2022, in the margin of the third G20 Finance Ministers and Central Bank Governors' meeting in Bali. The Bali Declaration¹² is a call to enhance the use of tax transparency for sustainable DRM in the Asian region.

The signing of the Bali Declaration was preceded by a high-level roundtable chaired by the Minister of Finance of Indonesia that brought together ministers, ambassadors, other high-level attendees and representatives from partners of the Asia Initiative and the Secretary-General of the OECD. The participants agreed to establish the Asia Initiative to maximise the effective use of the information exchanged, to tackle tax evasion and other IFFs and to sustain the mobilisation of domestic resources in Asia. All participating members reiterated their commitment to implement the tax transparency standards fully and effectively. They also agreed to explore the full range of possibilities for co-operation provided by the Convention on Mutual Administrative Assistance in Tax Matters (MAAC),



“On 14 July 2022, we signed the Bali Declaration which gives the political impetus for the success of the Asia Initiative, symbol of the collective and regional efforts in the fight against tax evasion and other illicit financial flows. I do expect that the Asia Initiative will be a forum that will improve tax transparency and effective use of exchange of information thus will make significant contribution to the sustainable domestic resource mobilisation efforts in Asia.”

– **H.E. Sri Mulyana Indrawati**, Minister of Finance, Indonesia

12. The text and signatories of the Bali Declaration can be found at <https://www.oecd.org/tax/transparency/documents/Bali-Declaration.pdf>.

A tax transparency initiative for Asia

TABLE 3. **Signatories of the Bali Declaration, as on 31 December 2022**

16 Signatories of the Bali Declaration	
Armenia	Korea
Brunei Darussalam	Macau (China)
China (People's Republic of)	Malaysia
Hong Kong (China)	Maldives
India	Mongolia
Indonesia	Pakistan
Japan	Singapore
Kazakhstan	Thailand

Note: In January 2023, the Philippines endorsed the Bali Declaration and joined the Asia Initiative.

Source: Global Forum.

including, where relevant, through enhanced co-operation between interested Asia Initiative members.

Later in 2022, 3 additional Asian members joined the Initiative by endorsing the Bali Declaration and the collective efforts to bolster the tax transparency agenda in Asia, bringing the number of signatories of the Declaration to 16 (see Table 3).¹³ These countries'

adherence to the objectives of the Declaration testifies the relevance of the Asia Initiative for the region. Through advocating and other outreach activities, the Initiative will continue to encourage Asian countries that are not yet members to join the Initiative.

The Asia Initiative, an Initiative for Asia led by Asia

With the political support provided by the Declaration, the establishment of the Asia Initiative was rapid and smooth. An ad-hoc governance was approved to ensure key founding documents are swiftly adopted. Acknowledging Indonesia's leadership to promote the Initiative as side event of its G20 Presidency, members appointed Mr Suryo Utomo, Director General of Taxes, Ministry of Finance of Indonesia, as the first Chair of the Asia Initiative in 2022.

During the first three meetings (see Table 4), the Initiative adopted key documents. Considering the size and the diversity of Asia, an adequate governance and mandate were agreed. The Initiative will run initially until 2026, with the option to renew it beyond that term. To steer the work and measure the progress made towards the objectives of the Declaration, a co-chairing

13. In January 2023, the Philippines endorsed the Bali Declaration and joined the Asia Initiative as its 17th member.



Bali Declaration (Asia Initiative Declaration) signing ceremony, 14 July 2022, Bali, Indonesia.

system was adopted. The Co-Chairs are appointed for a two-year mandate with one year overlap. On that basis, the Initiative appointed Mr Suryo Utomo as Co-Chair of the Initiative for 2023, and Mr Sanjay Malhotra, Revenue Secretary of the Government of India, as Co-Chair for 2023-2024, considering India’s G20 Presidency in 2023.

As part of the Asia Initiative’s mandate, members support the implementation of the high-level objectives of the Bali Declaration. To implement these objectives, a high-level work plan and a process to monitor progress, including the publication of an annual report, were approved.

TABLE 4. Asia Initiative meetings in 2022

Asia Initiative meetings	Summary
16 February 2022 – First high-level Asia Initiative meeting (virtual) ^a	This side event to the second Finance Ministers and Central Bank Governors meeting of the Indonesia’s G20 Presidency was attended by 49 participants, including 15 tax commissioners and deputy commissioners from 18 Asian members and 3 development partners. The participants adopted a governance framework for the Initiative with an initial mandate in place until 2026.
1-2 September 2022 – Second high-level Asia Initiative meeting (Bali, Indonesia) ^b	The meeting was attended by 50 participants from 14 members of the Asia Initiative, including 14 high-level officials, and 4 development partners. The participants agreed on an ambitious high-level plan of activities for the Asia Initiative, with baseline activities for all members and complementary activities for interested ones. Recognising the importance of measuring progress at the regional level, they also approved the annual publication of an Asia Initiative progress report.
8 November 2022 – Third Asia Initiative meeting (Sevilla, Spain) ^c	In the margin of the 15 th Global Forum Plenary, 33 participants from 9 members of the Asia Initiative and 4 development partners took stock of the progress achieved since the launch of the Initiative and agreed on the outline of the 2023 Asia Initiative progress report. This meeting was also an opportunity to welcome the Revenue Secretary of India as Co-Chair of the Asia Initiative from 2023-2024.

a. Statement of outcomes available at https://www.oecd.org/tax/transparency/documents/Asia-Initiative-first-meeting_16022022_SoO.pdf.
 b. Statement of outcomes available at <https://www.oecd.org/tax/transparency/documents/asia-initiative-second-meeting-statement-of-outcomes.pdf>.
 c. Statement of outcomes available at <https://www.oecd.org/tax/transparency/documents/3rd-meeting-of-the-asia-initiative-statement-of-outcomes.pdf>.

Source: Global Forum.



2

Significant impact of tax transparency on domestic resource mobilisation

Transparency and EOI for tax purposes has demonstrated to be a powerful tool in the fight against tax evasion. By the end of 2021, more than EUR 114 billion of additional revenues (tax, interests, penalties) have been identified by the Global Forum members, thanks to the implementation of the EOIR and AEOI standards, including the related voluntary disclosure programmes (VDPs) and offshore tax investigations, with over EUR 30 billion identified by developing countries.

Significant impact of tax transparency on domestic resource mobilisation

While Global Forum members from Asia also benefit greatly from the tax transparency standards, the maturity level of their implementation and the effective use varies among them. By implementing the international transparency standards, Asian members are able to access vast amount of information, which allows them to identify and appropriately tackle tax evasion. This also ensures that every taxpayer pays its fair share of taxes, thus invigorating all citizens' confidence in the tax systems and governments as a whole in the region. In addition, effective use of these standards has contributed to fill in tax gaps in Asian members, since it strengthens the fiscal capacity of governments to pursue their respective development agendas, especially post-COVID-19 pandemic. Overall, Asian members have reported at least EUR 20.1 billion additional revenues since 2009. With more Asian members starting to use the EOIR tool and to implement AEOI, the much-needed additional revenues generated in this region is expected to continue to increase in the coming years.

AEOI and EOIR are complementary. While AEOI provides bulk financial information to a tax authority about its taxpayers' assets held abroad, without a preliminary need to make a request, EOIR enables follow-up requests on any information reported under AEOI. Further, EOIR covers a very wide scope of information and can be useful in ongoing investigations. All 22 Asian members are implementing the EOIR standard, and 16 of them are committed to start AEOI exchanges by 2024,¹ out of which 14 had already commenced exchanges by end of 2022.

THE IMPACT OF EXCHANGE OF INFORMATION ON REQUEST

EOIR is an essential tool to support tax authorities worldwide to access taxpayers' information held abroad and determine whether they are paying the correct amount of tax. The EOIR standard² requires a tax authority to provide, on request, information to another tax authority to properly investigate taxpayers and



First Asia Initiative meeting, 16 February 2022, video conference.

1. In 2023, Armenia and Mongolia committed to start AEOI in 2025 and 2026 respectively.
2. OECD (2016), *Exchange of Information on Request, Handbook for Peer Review 2016-2020*, <https://www.oecd.org/tax/transparency/documents/terms-of-reference.pdf>.

Significant impact of tax transparency on domestic resource mobilisation

enforce its jurisdiction’s tax laws or the provisions of a related tax agreement. Three types of information are at the heart of these exchanges: (i) legal and beneficial ownership information of all relevant legal entities and arrangements; (ii) accounting records, including underlying documentation; and (iii) bank information, including financial, and legal and beneficial ownership information. All 167 members of the Global Forum, including the 22 Asian jurisdictions, have committed to the implementation of the EOIR standard. The level of compliance with this standard is assessed under the Global Forum’s peer review process (see Chapter 4).

Implementing the EOIR standard requires each jurisdiction to respond effectively to requests received from its exchange partners. Figure 1 illustrates the EOIR standard, which is essentially built around three key requirements:

- ensuring the availability of relevant information
- providing access to this information to tax authorities
- exchanging this information in a timely manner with other interested jurisdictions with which an EOI agreement is in place.

Once in place and operating effectively in practice, the EOIR standard provides the foundation for effective international co-operation to tackle offshore tax evasion. EOIR prevents entities and individuals from hiding the true amount and origin of their wealth. It also allows tax auditors to correctly estimate the tax due by entities and individuals and help advance investigations on taxpayers’ compliance.

Since 2009, over 428 000 requests for information have been received by Global Forum members and annual figures are almost universally on the rise. EOIR has enabled the collection of at least EUR 30 billion of additional tax revenue globally. In the same period, the 20 Asian members, which provided data for this report, had sent over 26 000 EOI requests. This contributed to a total of over EUR 6.4 billion of additional revenue, including taxes, interests and penalties, identified by Asian members. This amount may be higher as only 12 of these members are currently monitoring the impact of EOIR. The Secretariat is providing support to Global Forum members to develop and implement monitoring mechanisms.

FIGURE 1. Exchange of information on request

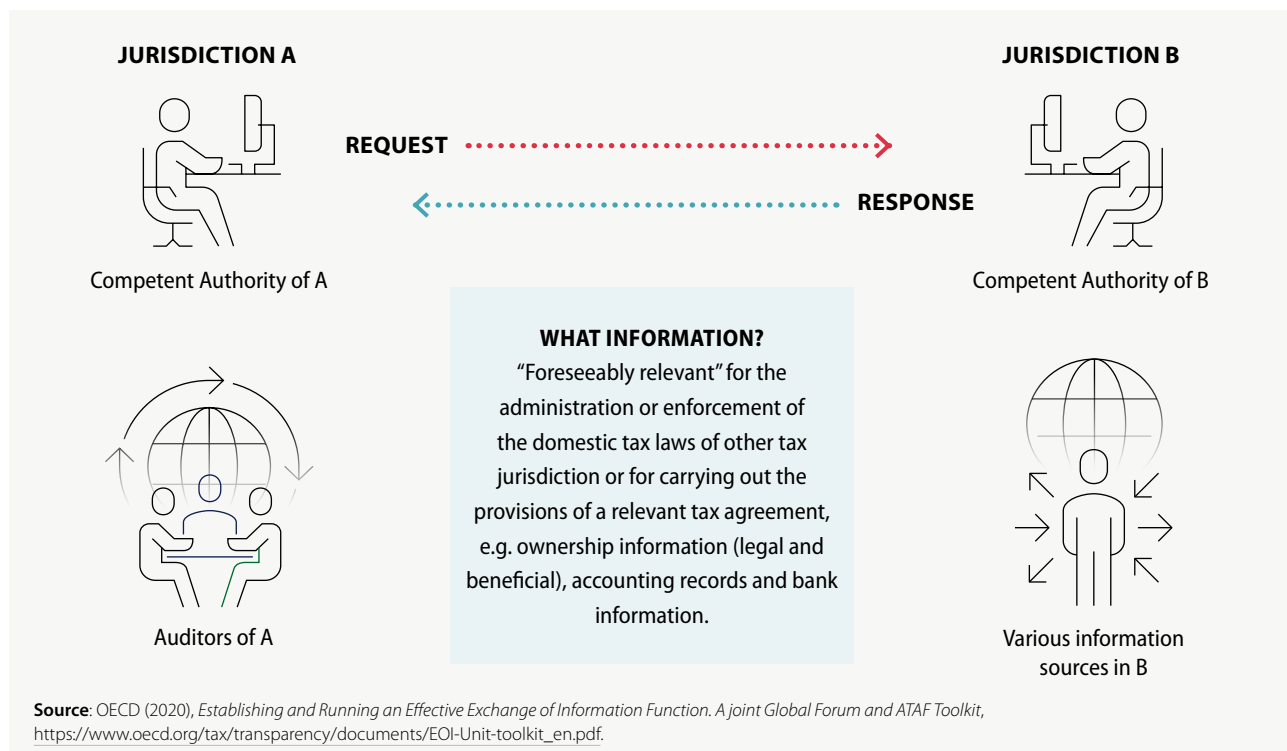


FIGURE 2. Revenue identified by Asian members as a result of exchange of information on request and offshore investigations

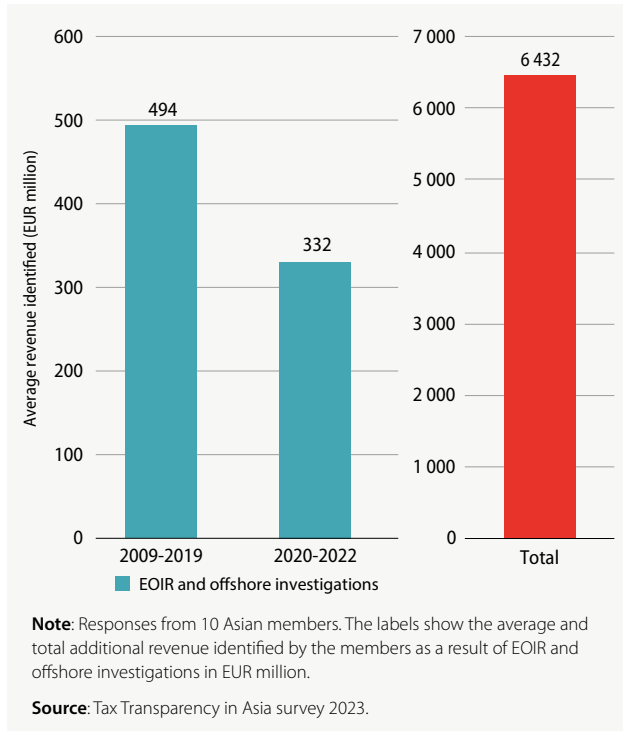
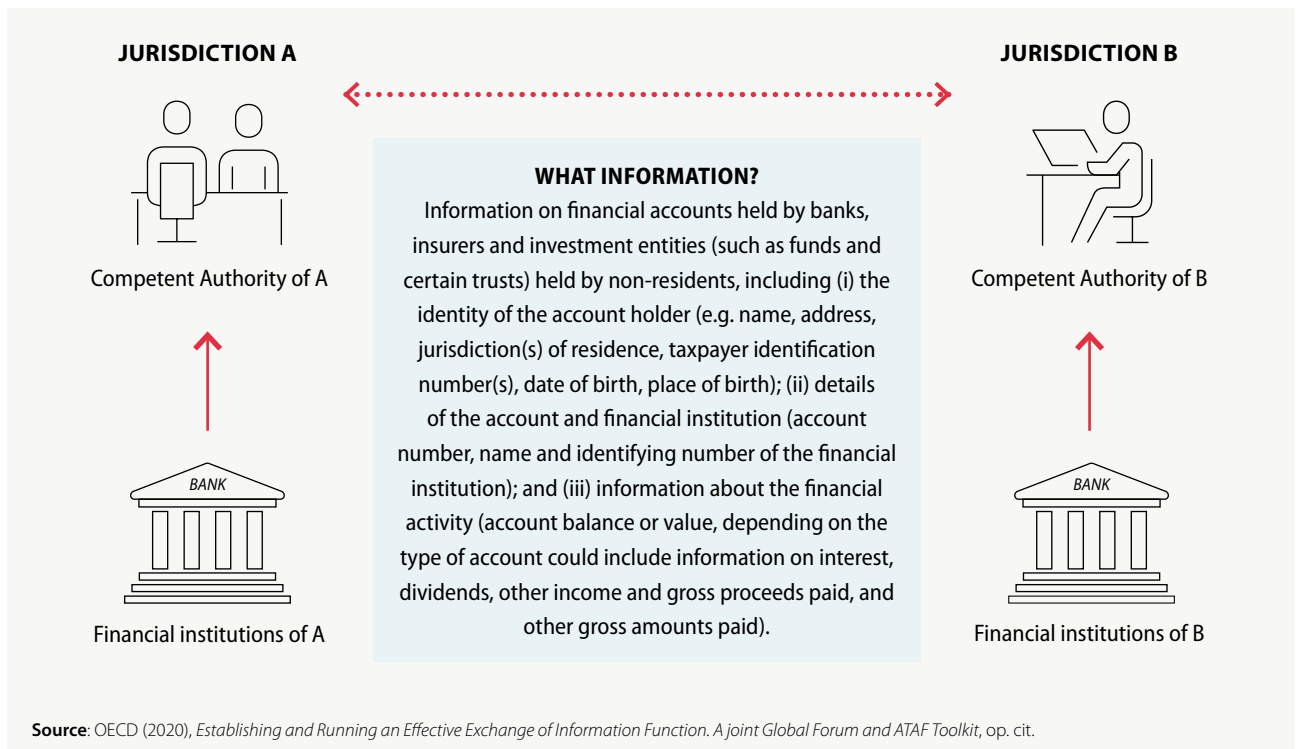


Figure 2 shows the average yearly amount of revenue identified by Asian members as a result of EOIR. The data relate to the years 2009-2022. The column on the left (2009-2019) shows the amount identified before the COVID-19 pandemic. These include revenues identified before and after the first exchanges under the AEOI standard. The second period (2020-2022) shows a decrease, as a consequence of the COVID-19 pandemic. In this recent period, more revenues were identified as a result of investigations conducted following the first AEOI exchanges, some leaks and successful cases.

THE IMPACT OF AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

The AEOI standard requires financial institutions to report financial account information of tax residents from other jurisdictions to their own tax authorities, which in turn automatically exchange this information with the tax authorities of the residence jurisdiction of the account holder and its controlling person(s), if any, under the globally-agreed Common Reporting Standard (CRS).

FIGURE 3. Automatic exchange of financial account information



Significant impact of tax transparency on domestic resource mobilisation

Access to such information provides a powerful tool for tax authorities to verify whether taxpayers are properly declaring their international financial assets and paying the tax that is due. It ensures transparency of financial assets held and revenues earned abroad by tax residents, thus allowing the detection of potential non-compliance and tax evasion. Moreover, with taxpayers being aware of its implementation, AEOI also deters potential non-compliance and incentivises the reporting of financial assets held abroad and the related revenues. This information is central to efforts on tackling tax evasion, as well as to maintain public confidence that the increasing globalisation of the financial system is not undermining domestic tax systems. Figure 3 illustrates the AEOI mechanism.

AEOI equips tax authorities with immense amounts of information on their residents' wealth held abroad. Information on over 111 million financial accounts, with a total asset value of EUR 11 trillion, was automatically exchanged globally in 2021. In Asia, information on over 41 million financial accounts was received by Asian members from exchange partners in 2021, with a total asset value of EUR 3.5 trillion, representing over

one-third of the total asset value of the information exchanged globally.

AEOI is a powerful tool to detect unreported financial accounts and enforce tax rules. Over EUR 9.8 billion in additional revenue have been identified by 8 Asian members through pre-AEOI VDPs implemented before 2018, and the use of CRS data in the years following the first exchanges in 2017 (explaining the high amount of additional revenues identified during the period 2009-2019). Some Asian members also reported additional revenues identified through the use of CRS data and VDPs in the period 2020-2022. The total gains might in fact be higher, since not all Asian members and Asian countries reported data for this report (see Figure 4).

Out of the 14 Asian members implementing AEOI by the end of 2022, 9 reported that they have used CRS information in their tax audits and investigations, as described in Figure 5.

Overall, more than EUR 13.6 billion have been identified through the use of CRS data and VDPs.

FIGURE 4. **Additional revenue identified through AEOI**

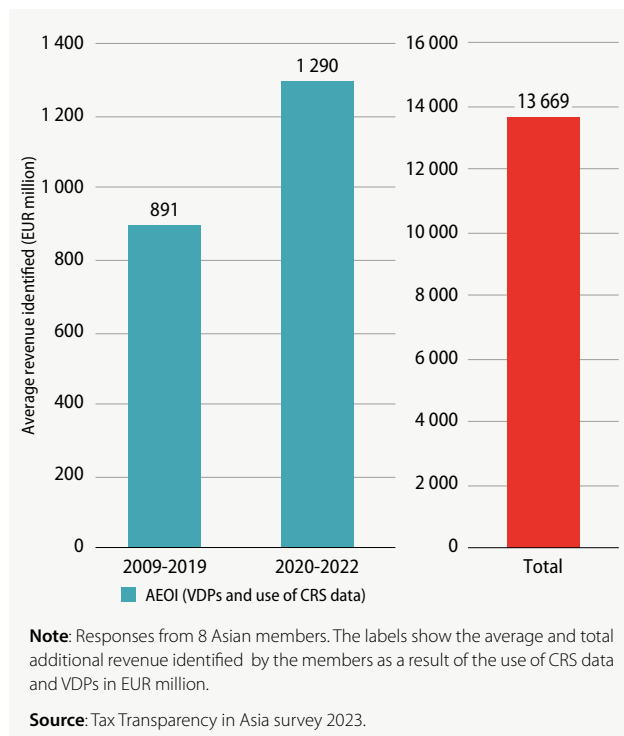
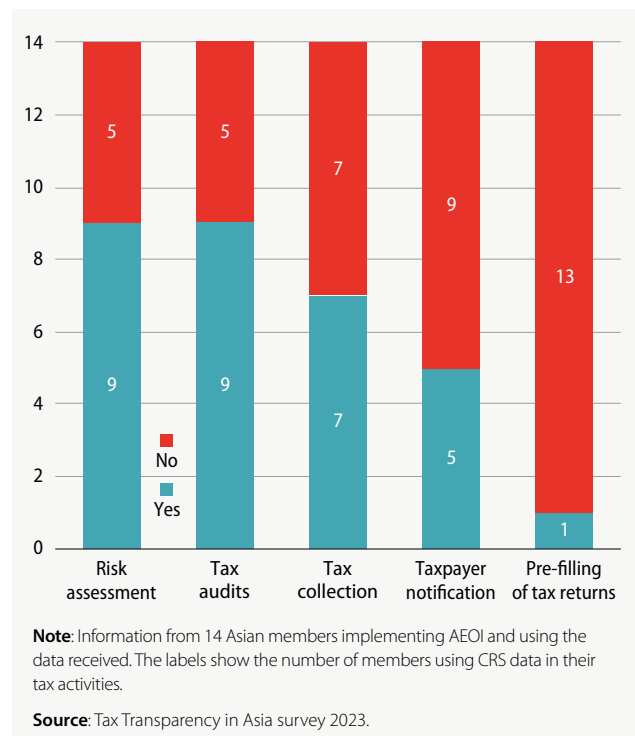


FIGURE 5. **Number of Asian members using AEOI data in their tax activities**





3

Advancing tax transparency in Asia

The tax transparency agenda has made continuous progress in Asia since 2009. More and more Asian jurisdictions joined the Global Forum over the years, taking an active role in working groups and capacity-building activities. This commitment to tax transparency has translated into the rapid establishment of the Asia Initiative, which is creating a regional dynamic to support the effective implementation of the standards and their effective use through co-operation and knowledge-sharing.

AN ACTIVE MEMBERSHIP OF ASIAN MEMBERS IN THE GLOBAL FORUM

When the Global Forum was restructured in 2009, 11 Asian jurisdictions became members. Since then, more and more Asian countries have joined the Global Forum, with the total number reaching 22 by the end of 2022 (see Figure 6). However, many Asian countries that may benefit from tax transparency are yet to join the Global Forum community. Asian members give a high priority to tax transparency. Almost all respondents to the survey rated the level of priority given to EOI as high. They explained that this level of commitment is mainly driven by their needs to:

- comply with EOI standards
- strengthen tax audits and control processes
- tackle other types of financial crimes, such as money laundering and terrorism financing.

The level of engagement is reflected in the active participation of Asian members in the Global Forum work (see Box 1). Table 5 details their involvement in Global Forum's bodies and capacity-building activities in 2022.

FIGURE 6. Asian's jurisdictions membership in the Global Forum since 2009



TABLE 5. Asian participation in Global Forum's bodies and capacity-building activities in 2022

Global Forum Steering Group	The Steering Group is made up of 20 members. It prepares and guides the work of the Global Forum.	China (People's Republic of), India, Indonesia, Japan
Peer Review Group (PRG)	The Peer Review Group (PRG) is made up of 30 members and oversees the Global Forum's peer reviews in relation to the EOIR standard.	China (People's Republic of), Georgia, India, Indonesia, Korea, Pakistan, Singapore (<i>Chair</i>)
Automatic Exchange of Information Peer Review Group (APRG / APRG+)	The APRG was made up of 34 members and oversaw the work on peer reviews against the AEOI standard. The APRG+ is an extended formation of the APRG which oversees the peer reviews on confidentiality and data safeguards with 3 additional members.	China (People's Republic of), Georgia (<i>APRG+ member</i>), India, Japan, Korea, Malaysia, Singapore
Assessors for EOIR peer reviews	The EOIR assessors are responsible for conducting the peer reviews of jurisdictions against the EOIR standard. All members are invited to provide assessors. An assessment team is usually composed of officials from two Global Forum members assisted by the Secretariat.	Armenia, Azerbaijan, Georgia, India, Japan, Mongolia, Singapore
Assessors on AEOI	The 14 AEOI assessors participated to the AEOI assessment panel and were responsible for conducting the peer review of jurisdictions against the AEOI standard.	Azerbaijan, India, Indonesia, Japan
Assessors on confidentiality	The 30 assessors on confidentiality are responsible for conducting the assessments on confidentiality and data safeguards.	India, Singapore
Experts in capacity-building activities	The experts from Global Forum members participate to capacity-building activities carried out, providing expertise and sharing experience.	Armenia, China (People's Rep.), Hong Kong (China), India, Indonesia, Japan, Korea, Malaysia, Mongolia, Singapore,
Task Force on Risks	The Task Force on Risks was made of 14 members. It was established to identify new or emerging issues/risks to the effective implementation of the standards on transparency and exchange of information for tax purposes.	India, Singapore

Source: Global Forum.

BOX 1. **India's participation in Global Forum's bodies**

Mr Rajesh Kumar Bhoot, Joint Secretary, Central Board of Direct Taxes and Indian Competent Authority, Department of Revenue, Ministry of Finance, India

Q1: India plays a significant role in the Global Forum, including the hosting of multiple events and participation in its bodies, being a member of the PRG and the Steering Group since 2010 and of the APRG/APRG+ since 2014. As a seasoned member of these groups, what is the importance of the representation of developing countries in the distinct Global Forum bodies?

India has always been a global leader in promoting and advancing the tax transparency agenda and global tax co-operation. India's active engagement with the Global Forum and its bodies has helped immensely in the fight against offshore tax evasion and avoidance. India is committed to continue to actively participate in and meaningfully contribute to the various activities and events of the Global Forum and its bodies.

The representation of developing countries in the Global Forum bodies provides them a global platform for benefitting from the global efforts made towards enhancing tax transparency and EOI; learning from global best practices in the area; sharing relevant experiences and contributing towards the global fight against offshore tax evasion and IFFs, which augment their domestic revenue mobilisation efforts. It also helps them identify and tackle new and emerging risks and challenges to tax transparency. There is tremendous potential for developing countries to benefit from various capacity building and outreach activities of the Global Forum.

Further, many developing jurisdictions in collaboration with the Global Forum are also aligning their regulatory regimes and practices to benefit from the developments in the field of tax transparency and EOI which helps them in ensuring fairness and the integrity of their tax systems. The representation of developing countries in the Global Forum bodies also ensures that the issues related to tax transparency and EOI are dealt with in a holistic manner and their perspective is also taken into consideration and addressed adequately. Representation of developing countries in the Global Forum bodies helps the Global Forum in maintaining its character as a global body



working for implementation of tax transparency and EOI standards around the world to ensure inclusiveness, fairness and a level playing field.

Q2: India has been an early adopter of AEOI, having committed to the AEOI standard in 2017. Following its participation of the APRG/APRG+, as Vice-Chair from 2014 to 2022, India has been confirmed as Chair of the APRG/APRG+ for its 2023-2025 mandate. What are the priorities for India on AEOI over the next two years?

India has been an ardent advocate of AEOI and has been an early adopter of AEOI under the CRS. The AEOI-CRS framework has ushered in a new era of tax transparency. However, certain jurisdictions are yet to commit to timelines for exchanging information under the AEOI-CRS framework. India, as the G20 President, considers it essential to encourage such jurisdictions to adopt and implement the AEOI-CRS framework.

India supports further work in the area of enhancing tax transparency to combat offshore tax evasion. As the G20 President, India is of the view that tax evaders may also utilise avenues to park unaccounted funds into immovable property in foreign jurisdictions and hence, a feasibility study should be conducted on the development of an EOI framework in respect of immovable property transactions, with emphasis on acquisitions after a cut-off date and above an agreed monetary threshold.



वित्त मंत्रालय
MINISTRY OF
FINANCE

सत्यमेव जयते

Source: OECD (2023), *New Horizons in Capacity Building for Tax Transparency, 2023 Global Forum Capacity Building Report*, <https://www.oecd.org/tax/transparency/documents/2023-Global-Forum-Capacity-Building-Report.pdf>.

COMPLEMENTARY ACTIONS TO THE ASIA INITIATIVE’S HIGH-LEVEL WORK PLAN: FURTHERING CAPACITY BUILDING IN ASIA

With an Initiative dedicated to Asia and backed up by the Bali Declaration, the tax transparency agenda should further develop in the region in the coming years. To that

end, the Asia Initiative agreed on a high-level work plan, which provides for baseline and complementary actions (see Table 6).

TABLE 6. **Plan of activities for the Asia Initiative**

1. Baseline actions	Agreed fundamental actions for which all members of the Initiative should establish a legal, organisational and monitoring framework to obtain the greatest benefit from EOI					
2. Complementary actions	Wider use of EOI data	Effective use of CRS data	Recovery of tax claims	EOI on VAT/GST	Other forms of administrative tax Co-operation	Other areas of interest

The baseline actions aim to ensure that all members of the Initiative have an adequate legal, organisational and monitoring framework that will allow them to fully benefit from EOI. This includes the participation in the MAAC, the setup of an efficient EOI function, the effective implementation of the standards and the training of relevant tax officials on EOI.

The complementary actions are implemented on a voluntary basis, in addition to the baseline activities.

Their objective is to help interested members make use of the other co-operation possibilities offered by the MAAC. They include advanced forms of co-operation to tackle tax evasion and other IFFs and to improve DRM: effective use of CRS data, EOI on Value Added Tax (VAT) or Goods and Services Tax (GST) (see Box 2), the wider use of EOI data for non-tax purposes, the recovery of tax claims, and other forms of co-operation (e.g. spontaneous EOI, simultaneous audits, and tax examination abroad).

BOX 2. Singapore – Exchange information: an effective tool to combat GST/VAT fraud

Although GST/VAT is a tax on domestic private consumption, it is particularly vulnerable to cross-border fraud due to the inherent nature of the tax regime where the zero-rating of supplies would result in refund claims for input tax. GST/VAT Missing Trader Fraud (MTF) often results in huge tax losses annually for jurisdictions around the world. MTF occurs when criminals abuse the GST/VAT refund system for fraudulent export arrangements and exploit the asymmetry of information in different jurisdictions. MTF syndicates would often use shell or fictitious entities in jurisdictions without VAT/GST regimes, or those that do not engage in VAT/GST exchanges, as counter-parties for cross-border transactions so that they will not be identified or traceable. Without exchange of information (EOI) for VAT/GST purposes, tax authorities are unable effectively enforce on the perpetrators.

It is thus imperative for all jurisdictions, including those which have not implemented GST/VAT, to exchange information for GST/VAT purposes through EOI on request channels to effectively deal with GST/VAT fraud. EOI on request for GST/VAT purposes has proven to be extremely valuable in IRAS’ investigation of such cases. The information received from IRAS’ exchange partners has helped IRAS uncover fraudulent business arrangements for VAT/GST purposes. In one instance, IRAS’ investigations showed that Singapore entities had exported goods to certain non-resident entities, but information received from an EOI partner in response to Singapore’s EOI request revealed that these non-resident entities had in fact reported nil purchases in their GST/VAT returns.

Source: Inland Revenue Authority of Singapore.



INLAND REVENUE AUTHORITY OF SINGAPORE

4

Progress in the effective implementation of the tax transparency standards

Implementing the tax transparency standards can be resource-demanding for jurisdictions and their tax administrations. It involves putting in place the legal framework, as well as the organisational and practical infrastructure needed to fully implement the EOIR and AEOI standards. Doing so therefore requires strong resolve from countries to address all possible legal, political, technical and resource implications to promote EOI awareness and commitment through all levels of the government. Since 2009, Asian members have progressed towards an effective implementation of the standards.

Progress in the effective implementation of the tax transparency standards

STRENGTHENING INFRASTRUCTURES FOR EXCHANGE OF INFORMATION

Solid EOI infrastructures are necessary to the efficiency of EOIR and AEOI, including having a fully-resourced EOI unit and effective EOI processes to assist EOI officials and tax auditors in undertaking their work. While Asian members are generally building sufficient EOI infrastructures, further progress is needed, particularly with respect to staff's EOI knowledge and the use of tools to support EOI operations and monitoring.

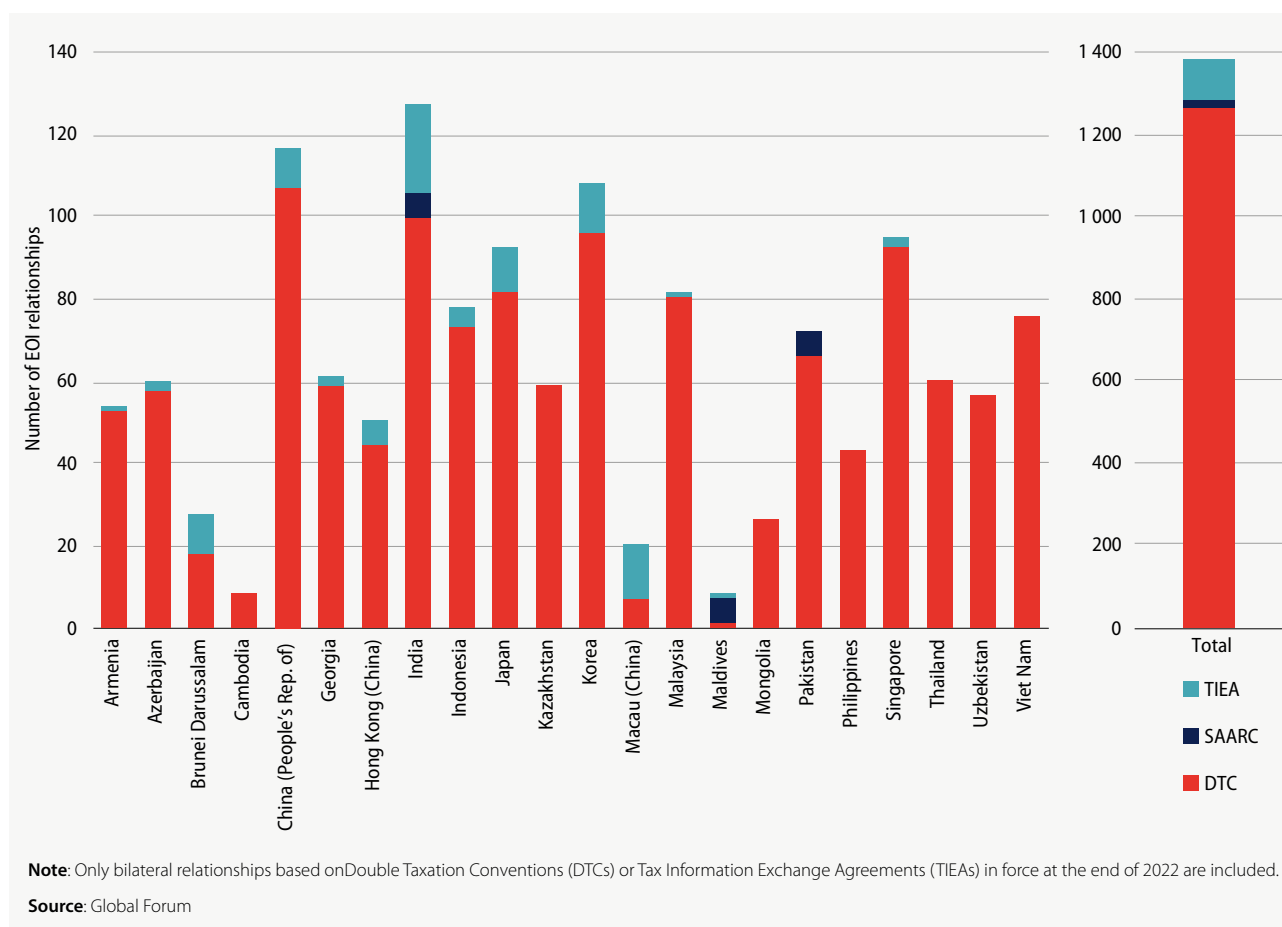
Broad exchange of information networks for most Asian members

To fully benefit from EOI, a jurisdiction should have a wide network of EOI agreements to be able to request relevant information, which could assist its tax investigators/auditors in their tax investigations, from any jurisdiction where the information is available.

As of 2022, Asian members have entered into numerous regional or bilateral EOI agreements to foster tax co-operation. The total number of bilateral relationships in force amounted to more than 1 350 at the end of 2022 (see Figure 7).

While countries can negotiate and conclude bilateral or regional agreements for EOIR such as Double Taxation Conventions (DTCs) or Tax Information Exchange Agreements (TIEAs), the exercise can be resource-intensive and time-consuming. In Asia, many jurisdictions have old EOI agreements that do not meet the international standard set in the Article 26 of the OECD's Model Convention.¹ Indeed, nearly 70% of these agreements do not allow for EOI to the full extent provided by the standard (see Figure 8).

FIGURE 7. Asian members' bilateral and regional EOI relationships, by type



1. OECD (2017), Model Tax Convention on Income and on Capital: Condensed Version 2017, OECD Publishing, Paris, https://doi.org/10.1787/mtc_cond-2017-en.

Progress in the effective implementation of the tax transparency standards

However, through the MAAC, most Asian members can establish a vast EOI network enabling them to obtain relevant information according to the EOI standards. Indeed, the MAAC is a multilateral agreement fully in line with international standards and provides for EOI and other forms of administrative co-operation. The MAAC is the widest-reaching EOI agreement, with 146 participating jurisdictions, including 138 having enforced it by the end of 2022. It thus offers a vast number of EOI partners to any new signatory.

Since 2009, the Secretariat has provided technical support to its Asian members to expand their administrative co-operation framework significantly and rapidly by joining the MAAC, including by providing support in the signing and ratification process. In 2022, two Asian members

benefited from this assistance. As a result of these efforts, 19 out of the 22 Asian members participate to the MAAC and 18 of them have it in force at the end of 2022. Viet Nam was also invited to sign the MAAC in 2022.² Less than 500 of the bilateral instruments in force for Asian members are not complemented by the MAAC (see Figure 9). With the MAAC, bilateral EOI relationships amounted to over 2 800 by the end of 2022. Therefore, through the MAAC, almost all Asian members now have a wide EOI network that meets the requirements of the standard (see Table 7).

The situation is different for the 11 non-members countries in the region as they do not participate to the MAAC. Recognising this situation, the Asia Initiative also has the mandate to promote participation to this instrument by raising awareness on its benefits.

FIGURE 8. **Percentage of Asian members' EOI relationships meeting the standard (by type)**

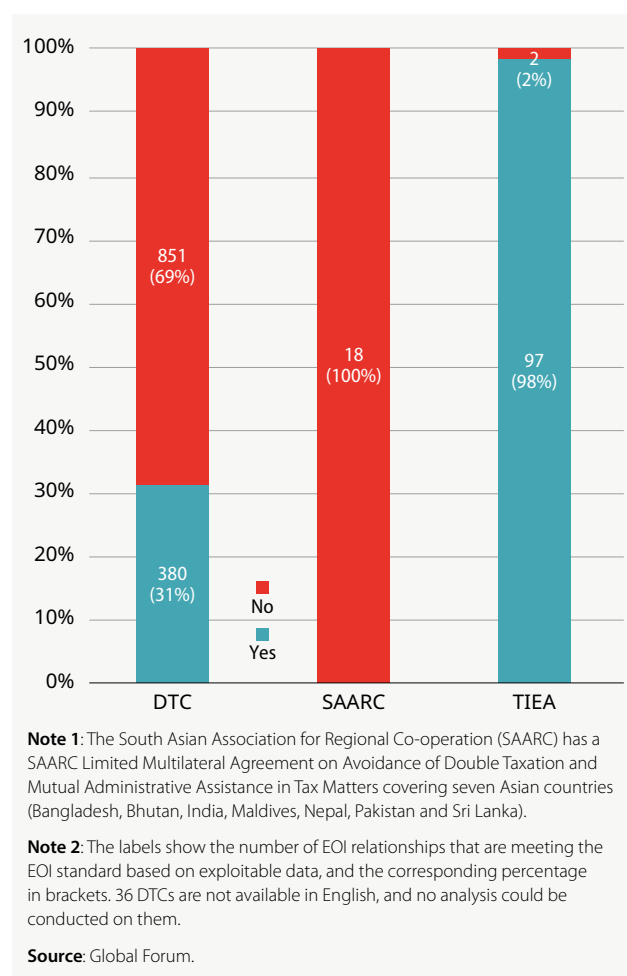


TABLE 7. **Asian members' participation to the MAAC, as on 31 December 2022**

Jurisdiction	Status
Armenia	In force (2020)
Azerbaijan	In force (2015)
Brunei Darussalam	In force (2019)
Cambodia	/
China (People's Republic of)	In force (2016)
Georgia	In force (2011)
Hong Kong (China)	In force (2018)
India	In force (2012)
Indonesia	In force (2015)
Japan	In force (2013)
Kazakhstan	In force (2015)
Korea	In force (2012)
Macao (China)	In force (2018)
Malaysia	In force (2017)
Maldives	In force (2022)
Mongolia	In force (2020)
Pakistan	In force (2017)
Philippines	Signed (2014)
Singapore	In force (2016)
Thailand	In force (2022)
Uzbekistan	/
Viet Nam	Invitation to sign the MAAC (2022)

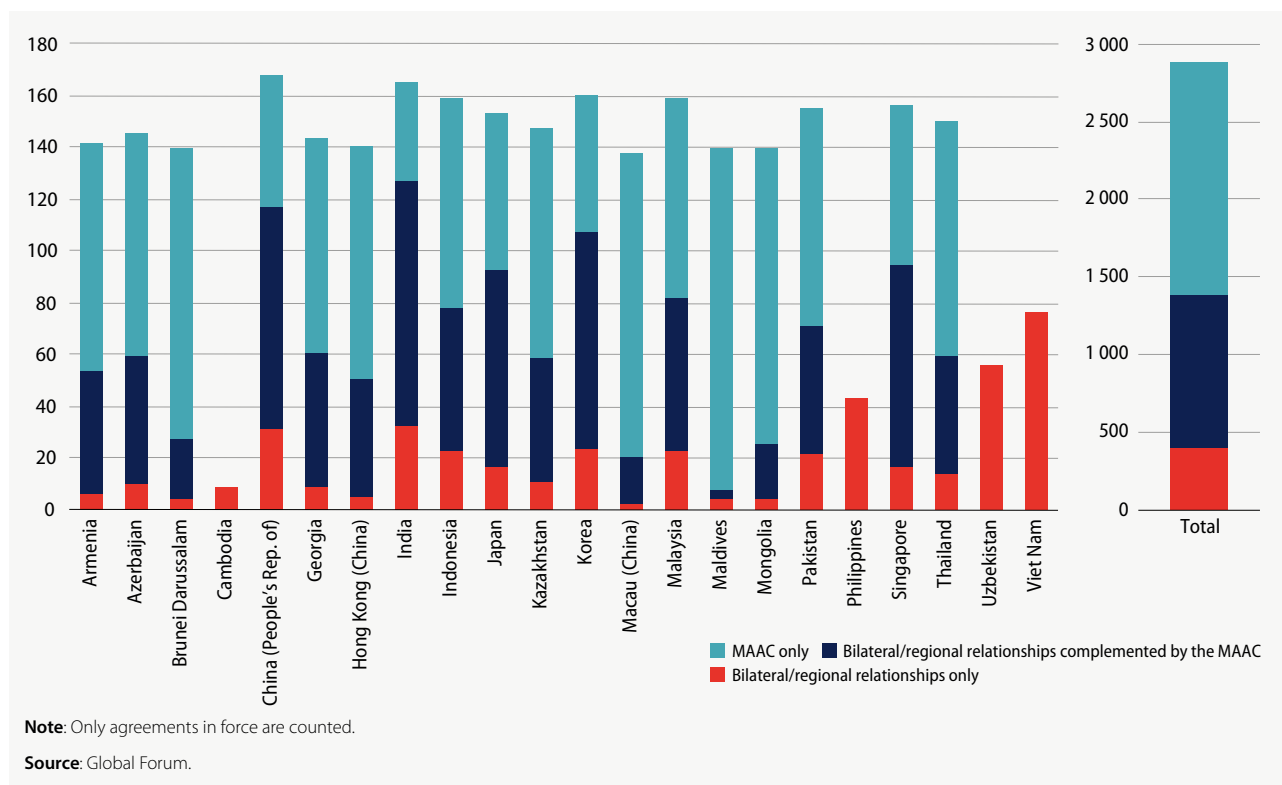
Note: Viet Nam signed the MAAC on 22 March 2023.

Source: https://www.oecd.org/ctp/exchange-of-tax-information/Status_of_convention.pdf.

2. Viet Nam signed the MAAC on 22 March 2023.

Progress in the effective implementation of the tax transparency standards

FIGURE 9. Asian members' EOI relationships in force



Exchange of information infrastructures in Asia

The operationalisation of EOI needs a functional infrastructure in place within tax administrations to ensure the timeliness, quality and efficiency of the EOI process. This also includes a well-resourced EOI unit. Such an EOI unit should have trained personnel, an office guaranteeing confidentiality, as well as well-established procedures described in a dedicated manual. It is also best practice to have a system in place to track the handling of incoming and outgoing EOI requests. Another important element is to ensure that the power of competent authority (CA) for EOI for tax purposes³ is delegated from the Minister in charge of Finance – as generally mentioned in EOI agreements – to the tax administration. Indeed, only the CA is authorised to carry out EOI under international agreements. Delegating this power to more operational officers is therefore essential to ensure the efficiency of the EOI process.

Building strong and efficient EOI infrastructure is a key component of the Global Forum's capacity-building

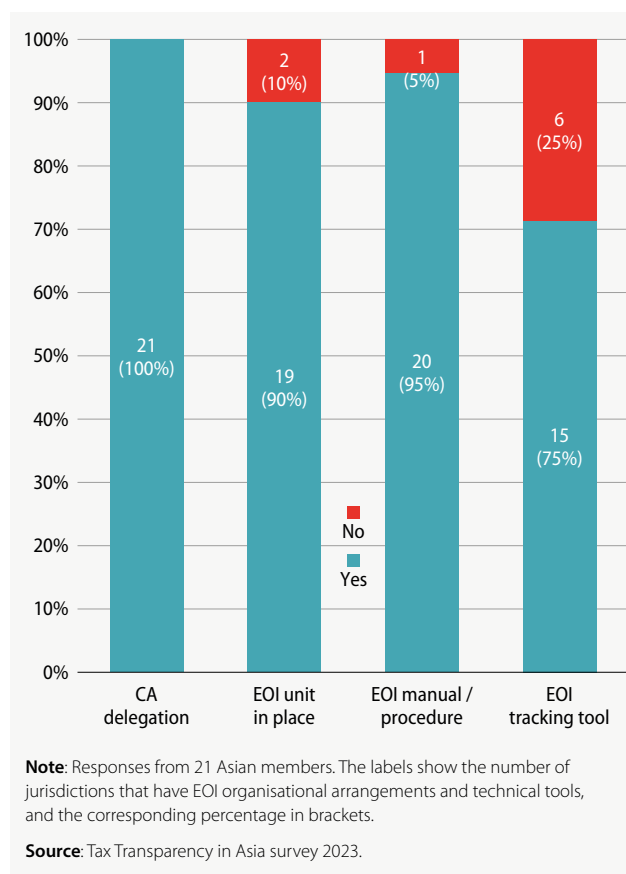
programme. It empowers members not only to comply with the tax transparency standards by providing information to their EOI partners, but more importantly to use this infrastructure to obtain critical information for their tax operations.

Most Asian members, in particular those that joined the Global Forum early, have a relatively mature EOI infrastructure, with a functional EOI unit in place, equipped with tools and knowledgeable staff. Recent members are implementing or strengthening their infrastructure with the support of the Secretariat.

Figure 10 shows that virtually all the 21 respondents have in place the main components of a functional EOI infrastructure: they have put in place an EOI unit within their tax administration, documented the EOI process in a manual and delegated the CA function to the EOI unit. However, 6 of the respondents do not have an EOI tracking tool and therefore may not be able to monitor their EOIR activity and performance effectively.

3. CAs are generally the ministers in charge of finance or their duly authorised representatives, which, depending on the specific organisation of each jurisdiction, may be the officials of the ministry of finance or the tax administration.

FIGURE 10. Share of Asian members with EOI organisational arrangements and technical tools



This may lead to delays in responding to requests or in following up on requests sent to exchange partners.

The allocation of trained and competent staff to the EOI unit is also an important factor in the effectiveness of the EOI process. For 2022, the 21 respondents reported that 230 officials are assigned to EOI work, out of which 217 officials (94%) are fully dedicated to this task. The self-assessment of EOI knowledge by the staff is also quite positive, with 65% indicating that their staff's knowledge on EOI is "medium", whereas 35% evaluate it as "high" (see Figure 11). These figures are supported by capacity building on EOI organised at domestic level. Indeed, domestic trainings on EOI were delivered to more than 4 000 tax auditors and EOI staff in 2022 (90% increase compared to 2021) (see Table 8). This significant increase results from a combination of elements, such as the implementation of strategies to raise the awareness of auditors on EOI decided at the highest level of the tax administrations, but also by the impact of the first Train the Trainer programme launched in the region (see Part 5).

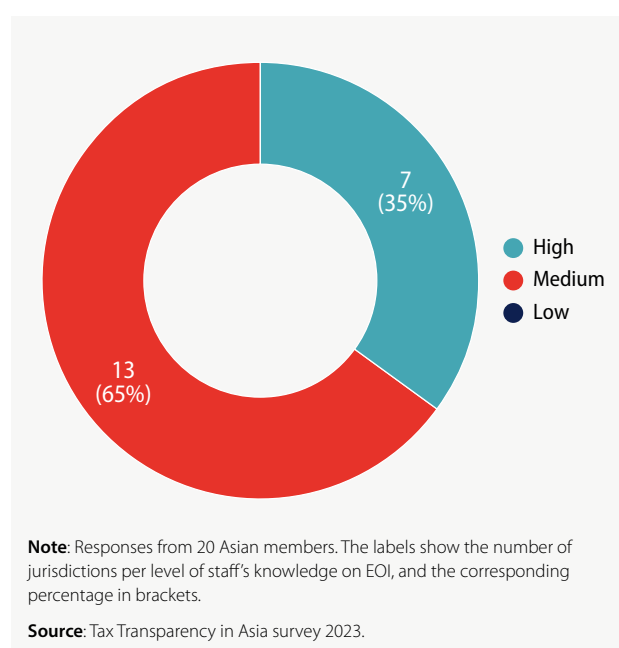
TABLE 8. Domestic EOI capacity building in Asia

Number of events/staffs trained	2021	2022
Number of training events held for tax auditors/EOI staff	97	120
Number of tax auditors/EOI staff trained	2 302	4 370

Note: Responses from 16 Asian members.

Source: Tax transparency in Asia survey 2023.

FIGURE 11. Staff's knowledge on EOI in Asia

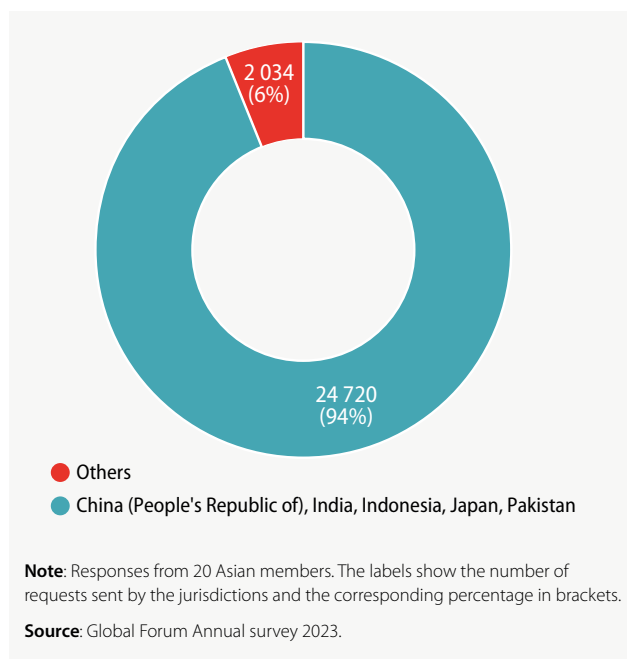


IMPLEMENTING THE STANDARD ON EXCHANGE OF INFORMATION ON REQUEST

Not all Asian members are exploiting their EOI infrastructure to its full potential. Figure 12 shows that 5 members accounted for 94% of all EOI requests sent by Asian members between 2009 to 2022. In contrast, the 15 other respondents were responsible for only 6% of the requests. Among these 15 members, 7 joined the Global Forum in or after 2015 and have therefore less experience than those that joined the Global Forum in 2009. These 7 Asian members are receiving technical assistance and attending trainings to continuously build up skills on EOI and develop a mature EOI system. The effective use of EOIR is therefore commensurate with the level of skills being developed within the tax administrations. Asian members which joined the Global Forum earlier often have more mature tax systems and enforcement powers, as well as skilled

Progress in the effective implementation of the tax transparency standards

FIGURE 12. **Distribution of EOI requests sent by Asian members 2009-2022 (in %)**



resources to investigate tax evasion cases involving cross-border complex structures. Those combined elements explain the repartition of requests being sent by Asian members. The more members will advance in their EOI journey, the more balanced the repartition should become.

The EOIR standard provides the foundation for effective international co-operation to tackle offshore tax evasion and is an essential tool to support tax administrations to access cross-border information, properly investigate taxpayers, promote tax compliance and collect additional revenue. Through a robust peer review process, the Global Forum monitors its members' implementation of this standard to which they have committed. Extensive assistance has been provided to Asian members on this front since 2009 and remains a key pillar of the Global Forum's capacity-building programmes.

Peer reviews of the exchange of information on request standard

One of the core functions of the Global Forum is to monitor and review the implementation of EOI standards, including legal frameworks and their effectiveness in practice. To that end, the Global Forum carries out peer reviews to provide assurance

to its members that all jurisdictions are properly implementing the standard, and to address underlying issues. The first Asian jurisdictions to become members of the Global Forum were peer-reviewed in a first round of evaluation against the Terms of Reference (ToR) adopted in 2010. Since then, more Asian members have joined and have been, or will be, peer-reviewed against the new ToR, as revised in 2016. These include requirements to maintain beneficial ownership information on legal persons and arrangements and bank accounts, for the second round of review. To date:

- 12 Asian members have been fully reviewed by the Global Forum under the second round of evaluations of the EOIR standard
- 10 Asian members are yet to be fully reviewed under the second round of evaluation.

All but one Asian member that have been fully reviewed by end of 2022 received a Largely Compliant or a Compliant rating (see Table 9).

Transparency of beneficial ownership in Asia

Transparency of beneficial ownership plays a significant role in tax transparency, the integrity of the financial sector and law enforcement efforts. Tax evasion and other forms of IFFs, such as corruption and money-laundering, may be facilitated through the misuse of legal entities (companies, foundation, partnerships, trusts, etc.). By using complex chains of ownership of legal persons and arrangements across many jurisdictions, the identity of the "true owners" of assets, including financial ones, the true purpose of the assets and/or the origin of the funds or assets can be hidden. Anonymity can be enhanced by using other mechanisms, such as bearer shares or nominee shareholders or directors, or entities, such as trusts, shell companies and other similar structures. Ultimately, the identity of the "true owner(s)", that is the beneficial owner(s), would be concealed from tax authorities and other law enforcement agencies.

The EOIR standard requires every jurisdiction to unveil the ownership structure of legal entities and arrangements, including beneficial ownership, and ensure that tax administrations can obtain the information needed to assess taxpayers' assets and activities, no matter where these are carried out. The EOIR standard relies on the internationally accepted

TABLE 9. Asian members' compliance ratings following peer reviews against the EOIR standard*

Member	Round 1 rating	Round 2 rating
Armenia	Not reviewed	Launched in Q3 2021
Azerbaijan	Largely Compliant	Launch scheduled in Q3 2023
Brunei Darussalam	Largely Compliant	Largely Compliant
Cambodia	Not reviewed	Launch scheduled in Q4 2023
China (People's Republic of)	Compliant	Largely Compliant
Georgia	Largely Compliant	Launch scheduled in Q1 2023
Hong Kong (China)	Largely Compliant	Largely Compliant
India	Compliant	Largely Compliant
Indonesia	Partially Compliant	Largely Compliant
Japan	Compliant	Largely Compliant
Kazakhstan	Not reviewed	Partially Compliant
Korea	Compliant	Largely Compliant
Macau (China)	Largely Compliant	Largely Compliant
Malaysia	Largely Compliant	Largely Compliant
Maldives	Not reviewed	Phase 1 only (Phase 2 scheduled in Q4 2025)
Mongolia	Not reviewed	Launch scheduled in Q2 2023
Pakistan	Largely Compliant	Phase 1 only (Phase 2 launched in Q4 2022)
Philippines	Largely Compliant	Largely Compliant
Singapore	Largely Compliant	Compliant
Thailand	Not reviewed	Launched in Q3 2022
Uzbekistan	Not reviewed	Launch scheduled in Q3 2025
Viet Nam	Not reviewed	Launch scheduled in Q2 2024

* The four possible ratings allocated after a full peer review are as follows, ranked in increasing quality: Non-Compliant, Partially Compliant, Largely Compliant, Compliant.

Source: <https://www.oecd.org/tax/transparency/documents/schedule-of-reviews.pdf> and <https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>.

definition of beneficial ownership set up by the Financial Action Task Force (FATF) to fight money laundering and terrorism financing. The FATF Recommendations⁴ define the beneficial owners as the natural persons who ultimately own or control a legal person or a legal arrangement.

As in many regions, the maturity level of the implementation of beneficial ownership requirements in Asia varies from one jurisdiction to another. The assessments' results have been mixed, ranging from

Compliant to Partially Compliant ratings on the availability of legal ownership and beneficial ownership information, and identity information of relevant entities and arrangements. The main challenges faced include:

- the need to raise the political and technical awareness on the importance of the identification of beneficial owners among different stakeholders involved in the legislation process, and among the financial industry or obliged persons complying with the relevant rules

4. FATF (2012-2023), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, FATF, Paris, France, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>.

BOX 3. Pakistan's experience with the EOIR peer review

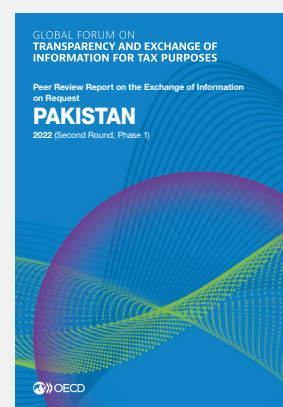
Pakistan is currently undergoing its Phase 2 of the Second Round of Peer Reviews and had the on-site visit of the assessment team from 13 to 16 March 2023. The Second Round of Review was initially planned to be conducted in a single phase but it was undertaken in two phases due to travel restrictions caused by the COVID-19 pandemic.

Pakistan took this as an opportunity to focus on the recommendations received during the Phase 1 of the review and made proactive efforts to work on them before commencement of the Phase 2. The Federal Board of Revenue, which is the focal agency for the review, timely disseminated Pakistan's Phase 1 report and EOIR standard with all stakeholders of the review and held issue-specific meetings with the concerned stakeholders, such as Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Financial Monitoring Unit and Trust Authorities of Pakistan, with the aim to discuss measures that may be taken up to address the recommendations. With this proactive approach, Pakistan made changes in the legal framework before commencement of the Phase 2, in view of taking actions on the majority of the recommendations received during the Phase 1 of the review.

The Federal Board of Revenue of Pakistan also led the review process in a coordinated manner by holding in-house meetings of all the stakeholders in preparation for the

Phase 2. As a result, Pakistan was able to effectively achieve national coordination and responsiveness. This contributed to a smooth on-site visit, as stakeholders were keen and well prepared to receive the assessment team.

Pakistan found the overall review process to be very beneficial in identifying areas for it to strengthen its ability to exchange information with partners and appreciates the open and co-operative approach taken by the assessment team, as well as the willingness of the assessors to share their experiences from their own jurisdictions.



Federal Board of Revenue
Revenue Division – Government of Pakistan

Source: Federal Board of Revenue, Government of Pakistan.

- the introduction of a definition of beneficial owners in the domestic legal framework in line with the standard, with corresponding guidance for the identification of beneficial owners of different legal forms (e.g. partnerships)
- the choice of the policy approach best suited for the jurisdiction when implementing its beneficial ownership framework
- the supervision and enforcement activities to ensure compliance with requirements aimed at ensuring the transparency of beneficial ownership information.

The EOIR standard focuses on the availability of beneficial ownership information through an outcome-based approach.⁵ It requires the availability of the information but does not prescribe the means to ensure it. Jurisdictions can take the approach that best fits their legal and organisational circumstances, provided that the availability of adequate, accurate and up-to-date beneficial ownership information is ensured.⁶ Jurisdictions may rely on:

- a single source of information and the related legal framework. This approach is usually based on existing information held by obliged persons under the anti-money laundering (AML) framework (the AML approach).

5. According to the EOIR standard, effective EOI necessitates three essential elements, among which Element A.1 which requires that adequate, accurate and up-to-date information on the identity of legal and beneficial owners is ensured.

6. OECD and IDB (2021), Building Effective Beneficial Ownership Frameworks – A joint Global Forum and IDB Toolkit, https://www.oecd.org/tax/transparency/documents/effective-beneficial-ownership-frameworks-toolkit_en.pdf.

- a multi-pronged approach comprising different sources of information. These sources can include the AML approach, information held by the entities themselves (entity approach), and/or a central beneficial ownership register held by a public authority (central register approach) or the tax authority (tax administration approach).

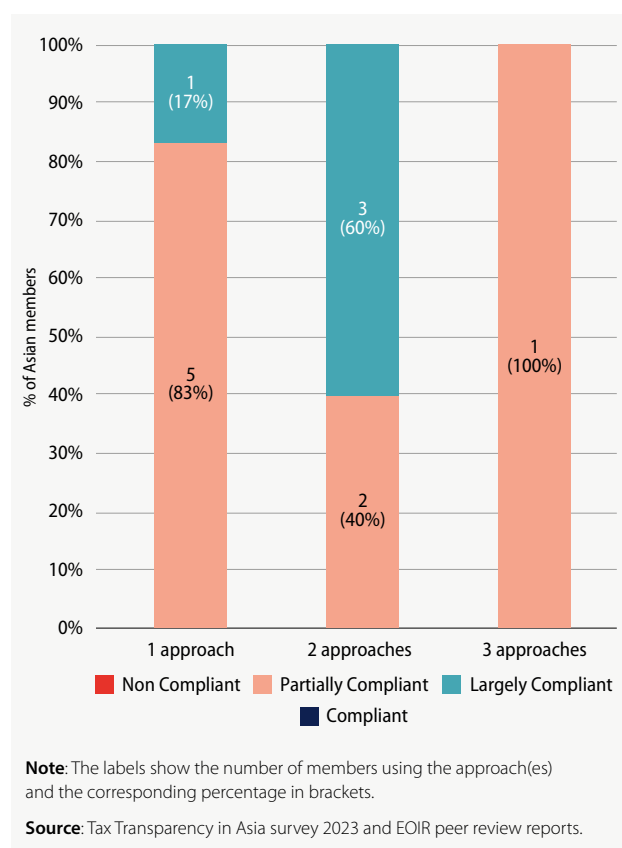
Lessons learned from the Global Forum’s EOIR peer reviews indicate that a multi-pronged approach, using several sources of information, is more effective than using a single approach for ensuring the availability of beneficial ownership information, the different approaches supplementing each other and generally leading to better quality information. From 12 Asian members fully peer-reviewed in the second round of EOIR reviews, 6 use two or three approaches to ensure the availability of the beneficial ownership information, whilst the other 6 rely exclusively on their AML framework.

Figure 13 shows that ratings tend to be better when jurisdictions rely on a multi-pronged approach. However, the use of a multi-pronged approach does not automatically lead to efficient beneficial ownership systems, as countries may still need to fine-tune certain aspects of their legal frameworks and their practical implementation, to ensure they are fully in line with the EOIR standard.

When strengthening their beneficial ownership frameworks, countries in the region are relying more and more on a centralised approach to ensure the availability of beneficial ownership information, whether held by the tax authority or by another authority. To date, nine Asian members rely on this approach, combined with others, while another member is in the process of setting up a centralised register of beneficial owners.

In March 2022, the FATF adopted a stronger global beneficial ownership standard regarding legal persons, by revising Recommendation 24 and its Interpretative Note. The revised FATF standard explicitly requires countries to use a multi-pronged approach, i.e. to use a combination of different mechanisms, for ensuring the availability

FIGURE 13. **Element A.1 – Number of approaches used and rating of the practical implementation**



of beneficial ownership information for AML purposes. Countries should also require beneficial ownership information to be held by a public authority or body functioning as beneficial ownership registry, or other alternative mechanism. With the implementation of the revised FATF standard worldwide, it is expected that more and more countries will take the multi-pronged approach, including a centralised register of beneficial owners to ensure transparency of legal persons.⁷

IMPLEMENTING THE STANDARD ON AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

Following the development of the AEOI standard by the OECD, working with the G20, and its endorsement by the G20 in 2014, the Global Forum launched a commitment process to ensure a widespread implementation.

7. In March 2023, the FATF also updated its Recommendation 25 on transparency and beneficial ownership of legal arrangements to strengthen transparency of beneficial ownership of legal arrangements. It particularly clarifies that beneficial ownership requirements extend to both the express trust and other similar legal arrangements and changes the “nexus” for triggering the obligation of the trustee to obtain and hold beneficial ownership information on the trust, which participates to better transparency.

Progress in the effective implementation of the tax transparency standards

FIGURE 14. **Timeline of Asian members' participation in AEOI**



Developing countries that do not host a financial centre were not asked to commit to particular timelines. Recognising the particular challenges they may face to implement the standard and the lower risk they pose to the level playing field, those countries are instead committed to implement AEOI within a practical timeline, to be defined with the support of the Secretariat. All members of the Global Forum, including its 22 Asian members, are committed to the implementation of the AEOI standard and 16 of them have committed to a specified date for the first exchanges.

Since 2014, the Secretariat has provided capacity building to its members to implement the AEOI standard. Over the years, experience was gained, and a comprehensive AEOI technical-assistance programme has been developed and rolled out to ensure that more developing economies benefit from AEOI.⁸

This technical assistance programme has been successful and should allow more Asian countries to engage in AEOI in the near future. First AEOI exchanges in Asia started in 2017 with 2 Asian members, followed in 2018 by 10 other members. More recently, 2 more members started their exchanges in 2021 and 2022, bringing the total number of Asian members participating in AEOI to 14 (see Figure 14). In addition,

two other members⁹ committed to commence exchanges in 2023 and 2024 respectively.¹⁰

Beyond meeting their commitment to start AEOI, the 12 Asian members committed to 2017 and 2018 have been subject to the first AEOI peer review process, which was completed in 2022. The results of the peer review of the legal frameworks and the practical implementation indicate that all these members have put in place the legal frameworks required by the standard, even though some gaps were identified for two members. Most Asian members were granted a satisfactory rating in the initial effectiveness review and only 2 members were rated Partially Compliant, as the implementation of their administrative compliance strategy was at early stages (see Table 10). Four more members are going to be reviewed for the first time on their legal framework and effective implementation from 2023. The results of these peer reviews are expected to be published in the coming years.

The 12 Asian members peer-reviewed during the first round would be subject to an in-depth review on their effective implementation of the AEOI. The Secretariat is supporting the 2 members that did not receive satisfactory ratings during the initial effectiveness review to address the deficiencies identified, and to help them be ready for the upcoming in-depth review.

8. Global Forum, *Unleashing the potential of automatic exchange of information for developing countries (2021 Strategy)*, <https://www.oecd.org/tax/transparency/documents/aeoi-strategy-developing-countries.pdf>.

9. Thailand (2023) and Georgia (2024).

10. In 2023, Armenia and Mongolia committed to start AEOI in 2025 and 2026 respectively.

Second Asia Initiative Meeting



Second Asia Initiative meeting, 31 August – 2 September 2022, Bali, Indonesia.

TABLE 10. **Implementation of the AEOI legal framework and ensuring its effectiveness in Asia**

Jurisdiction	Determination* of legal framework	Rating** for the initial effectiveness review
Azerbaijan	In Place But Needs Improvement	On Track
Brunei Darussalam	In Place	Partially Compliant
China (People's Republic of)	In Place	On Track
Georgia	To be published in 2025	To be published in 2027
Hong Kong (China)	In Place	On Track
Kazakhstan	To be published in 2023	To be published in 2025
India	In Place But Needs Improvement	On Track
Indonesia	In Place	On Track
Japan	In Place But Needs Improvement	On Track
Macau (China)	In Place	On Track
Malaysia	In Place	On Track
Maldives	To be published in 2024	To be published in 2026
Pakistan	In Place	Partially Compliant
Singapore	In Place	On Track
Thailand	To be published in 2024	To be published in 2026

*The structure of the determinations on the legal framework is as follows, ranked in decreasing quality: In Place, In Place But Needs Improvement and Not In Place.

**The structure of the ratings for effective implementation is as follows, in decreasing quality: On Track, Partially Compliant and Non-Compliant.

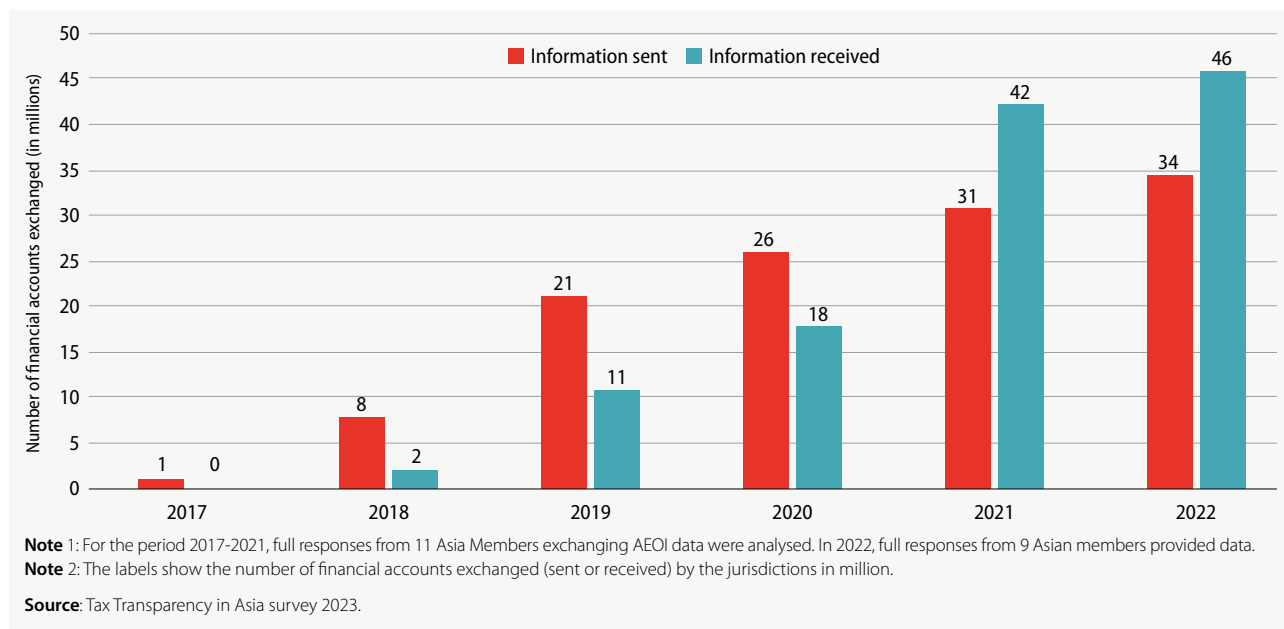
Source: OECD (2022), *Peer Review of the Automatic Exchange of Financial Account Information 2022*, <https://doi.org/10.1787/36e7cded-en>.

The number of financial accounts exchanged automatically for Asian members increases gradually since 2019. The increase has been steady, rather than dramatic, as the vast majority of Asian members implementing AEOI were committed to commence exchanges in 2017 and 2018. There was however a significant increase of information sent between 2018 and 2019. This was mainly due to the rise in the number

of information sent on pre-existing accounts, as a result of the finalisation of the related due diligence procedures by financial institutions. The number of accounts on which information was received in the region increased significantly from 2020 to 2021. This resulted mainly from the unavailability of data regarding information received by some members in 2020 (see Figure 15).

Progress in the effective implementation of the tax transparency standards

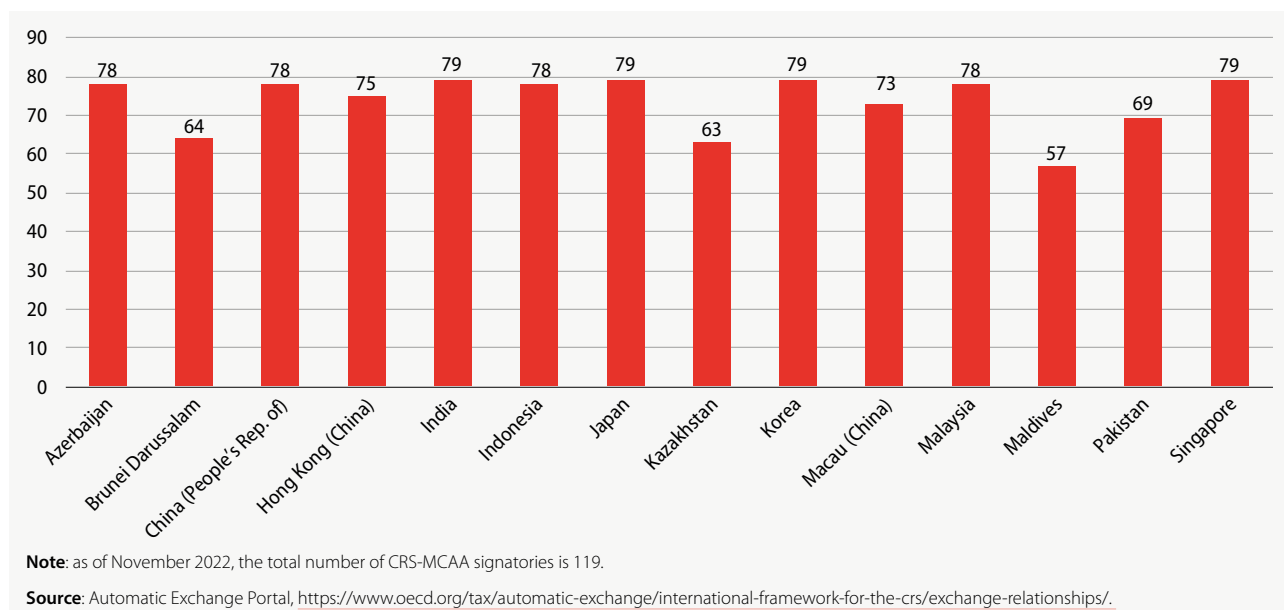
FIGURE 15. **Number of financial accounts on which information were exchanged by Asian members, 2017-2022, in millions**



The majority of the 14 Asian members that have exchanged information automatically have a broad network of exchange partners under the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS-MCAA). A large amount of information received by Asian members originated from other Asian members due to their close economic relations. Countries that most recently

started exchanges (Kazakhstan and Maldives) will continue to expand their networks as further exchange relationships are activated. Together, Asian members had 950 reciprocal AEOI relationships activated by the end of 2022. This figure is likely to increase further, as a result of other countries in the region starting exchanging AEOI information in the coming years (see Figure 16).

FIGURE 16. **Number of activated CRS-MCAA exchange relationships by Asian members**



5

An impactful capacity-building programme for Asia

Capacity building is one of the core duties of the Global Forum. It aims at supporting and enabling a rapid and effective implementation of the transparency and exchange of information standards by all members, in particular developing ones. The objective is also to ensure that all members effectively benefit from the standards, by fighting more efficiently tax evasion and other IFFs and mobilising more domestic resources to finance their development.

Since 2011, the Secretariat has worked with Asian members and developed capacity-building programmes and activities to address their needs and help them adapt to the fast-evolving EOI landscape. With the Asia Initiative's impetus, a more tailored approach to capacity-building activities is followed, adapting more adequately to the reality and specific needs of the region.

An impactful capacity-building programme for Asia

AN ESTABLISHED TECHNICAL ASSISTANCE PROGRAMME

The Secretariat and its regional partners have provided substantial technical expertise to Asian members. Since 2011, this technical assistance programme has broadened beyond covering EOIR, with the implementation of AEOI, including its ISM component.

A technical assistance programme adapted to the needs of Asian members

The technical support provided to Asian members has evolved over time to adapt to jurisdictions' specific circumstances. To that end, the Secretariat has developed a dual approach with: (i) induction programmes to facilitate the on-boarding of new Global Forum members; and (ii) tailored technical assistance on demand, for other Global Forum members.

Induction programmes were developed in response to the specific needs of new members of the Global Forum that joined from 2016 onward, which are mainly developing economies with limited EOI experience. The objective of the Induction Programme is to make them familiar with the activities and processes of the Global Forum. It includes a comprehensive technical-assistance programme covering the implementation and the effective use of the EOIR and AEOI standards.

Through this multi-year programme, new members are assisted in preparing for the implementation of the tax transparency standards and the peer review processes, as well as in putting in place the required infrastructure to effectively benefit from them. Designed to fit to the particular circumstances of the country, the programme is based on a customised roadmap and action plan, that sets out the steps necessary for an effective implementation and use of the standards. In 2022, the induction programme of Uzbekistan, which joined the Global Forum the same year, was launched, bringing to seven the number of Asian members benefiting from this comprehensive assistance.¹

Tailored technical assistance is provided on demand to address the specific needs of Asian members which have usually greater experience on EOI and a better knowledge of the Global Forum processes. This short/medium-term technical support aims at addressing more targeted and specific needs. In 2022, tailored assistance was provided to 5 Asian members.

Pre-membership support was provided to non-member countries to help them assess the benefits and obligations derived from the membership, and so that they can take an informed decision about joining the Global Forum. In recent years, this support has led to additional Asian countries joining the Global Forum,



“The Mongolian Tax Administration would like to express its gratitude to the Global Forum for proposing the launch of the Asia Initiative and thank the other members and partners for their commitment. Mongolia’s membership to the Global Forum, followed by the signing of the MAAC has given us strong tools to improve tax transparency and access to strong international support to strengthen our administration. The Asia Initiative is a further pillar. It provides an enhanced regional focus and access to tailored support in our efforts to improve tax transparency and increase the effectiveness of our administration. The network with other national tax administrations with which we can exchange information has increased five-fold, presenting more avenues to obtain information, and allowing us to provide a better mutual assistance to others. We believe that the Global Forum and Asia Initiative’s support will empower us to reap the benefits of tax transparency to protect our tax base. We look forward to learning from and sharing best practices with Asian Initiative members.”

– **Zayabal Batjargal**, Commissioner of the General Department of Taxation, Mongolia

1. Armenia, Cambodia, Maldives, Mongolia, Thailand, Uzbekistan, and Viet Nam.

such as Uzbekistan and Viet Nam. In 2022, the Chair of the Asia Initiative and the Secretariat took advantage of high-level regional meetings to engage with several non-member countries in Asia, for instance during the 51st Study Group of Asia-Pacific Tax Administrations and Research (SGATAR) annual meeting, held in Malaysia from 17 to 20 October 2022. These meetings were an opportunity to provide relevant information on the Global Forum, the tax transparency standards and the related benefits for DRM.

A comprehensive technical assistance programme

The implementation of the tax transparency standards is a multifaceted exercise. It includes legal and regulatory aspects as well as organisational, practical and infrastructural components. To support the implementation efforts of Asian members, a wide-range technical assistance is offered. In 2022, 21 detailed technical-assistance reports were produced and provided to Asian members.

Assistance was provided to two Asian members to join the MAAC, including by helping them prepare their application and the related confidentiality questionnaire and navigate the signing process. These efforts led to Viet Nam being invited to sign the MAAC.²

Four Asian members received support to prepare for their EOIR peer review. The focus was on ensuring that their domestic legislation provides for the availability and access to ownership, accounting and banking information, without undue restriction as foreseen in the standard. In addition, an Asian member also received support to ensure the effective supervision of its legal framework implementation, as well as guidance to improve the functioning of its EOI operations. Two of these members also received technical support to ensure transparency of beneficial ownership information. One member benefitted from a mock on-site visit in preparation of its EOIR assessment. Resulting from the technical support provided in previous year, Maldives and Pakistan successfully passed the first phase of their EOIR peer review and started preparing for the second phase assessment.

In regard to AEOI, eight Asian members received assistance in at least one of the main components of

the implementation of the standard. Assistance was provided on:

- drafting or improving the legal framework (4)
- signing or activating the CRS-MCAA (4), which is the legal basis under the MAAC for the AEOI exchanges
- defining a sound compliance strategy to ensure that financial institutions comply with their due diligence and reporting obligations (3)
- setting up an appropriate ISM framework (3)
- joining the Common Transmission System (CTS) allowing the exchange with foreign partners (1)
- defining the requirements for their AEOI portal to collect information from financial institutions and connect to CTS for transmission and reception (1)
- developing a strategy for the effective use of CRS data (1).

As an outcome the AEOI technical assistance, Georgia signed and Maldives activated the CRS-MCAA, while the Maldives and Thailand successfully passed their review on confidentiality and data safeguards (see Box 4) and were cleared for reciprocal AEOI exchanges. Maldives has since successfully started reciprocal exchanges (see Box 5).

A MULTI-CHANNEL APPROACH TO BUILD KNOWLEDGE AND SKILLS

Developing knowledge and skills is critical not only for the implementation of the tax transparency standards, but also for their effective use by tax officials to tackle tax evasion and other IFFs and thus to mobilise revenues. To that end, a multi-channel approach was developed using traditional training and seminar format, while taking advantage of the new technologies, and knowledge tools, such as toolkits and guides, as well as self-paced e-learning tools.

Workshops and seminars offered to officials of Asian tax administrations

The year 2022 was rich in capacity-building activities, with 16 events held on a wide range of EOI-related topics. Pursuing the new approach induced during the global pandemic, most of Global Forum training events in 2022 continued to be held virtually (81% of all events).

2. Viet Nam signed the MAAC on 22 March 2023.

BOX 4. **The successful assistance to Thailand on information security management**

At the launch mission of Thailand’s induction programme in September 2017, senior officials and stakeholders expressed the strong commitment of the country in meeting the international standards on transparency and EOI and in joining the international community in the fight against tax evasion. In 2020, Thailand made a commitment to implement the AEOI standard with first exchanges in 2023 and then signed the CRS-MCAA in March 2022. Starting in 2018, the Global Forum and the ADB conducted capacity-building missions and virtual work with Thailand. These focused on analysing the ISM arrangements of Thailand’s Revenue Department, with a view to ascertain its level of compliance with the AEOI confidentiality and data safeguarding requirements, and therefore its readiness for AEOI on a reciprocal basis.

The Global Forum and the ADB then supported Thailand in its ambitious work programme to meet the ISM requirements and other building blocks of the AEOI standard within the period 2019-2022, including technical assistance, workshops and a mock confidentiality and data safeguarding assessment. Thailand’s Revenue

Department has made significant transformations in its ISM arrangements, including the adoption of various security policies, such as an enhanced overarching Information Security Policy, risk management framework, improvements to its data policy to cover endpoints and removable devices, and also improvements in various physical and technological infrastructure aspects. The commitment to information security was further supported by the ISO27001 certification of the Security Monitoring and Operations Centre of Thailand’s Revenue Department.

As a result of all the substantial efforts undertaken, Thailand successfully passed its pre-exchange confidentiality assessment.

Source: The Revenue Department of Thailand.



กรมสรรพากร
THE REVENUE DEPARTMENT

Three in-person events were organised in 2022. Those events led to train 1 708 officials, which deepened their knowledge and practical skills for the effective implementation of the tax transparency standards.

These events focused on:

- raising EOI officials’ awareness on tax transparency, exchange of information and co-operation under the MAAC (129 officials trained)
- raising awareness of tax auditors on the potential of EOIR and AEOI as tools to advance domestic tax investigations/audits and compliance (296 officials trained)
- AEOI effective implementation, essentially covering practical implementation aspects such as the AEOI portal design, training of the financial institutions, effective use of CRS data and model administrative compliance strategy (1 184 officials trained).

Gender balance was ensured, with a high share of female participants in capacity-building activities (56% on average for all activities).

Table 11 provides a more detailed overview of the topics covered, number of events and number of participants.

TABLE 11. **Number of trainings and participants per topics**

Topics	Number of events	Number of participants
EOIR	3	296
AEOI	9	1 184
EOIR/AEOI	1	69
Awareness raising on tax transparency	1	39
MAAC	1	90
EOIR assessors	1	30
Total	16	1 708

Source: Global Forum.

BOX 5. **Maldives’ journey towards its first reciprocal AEOI exchanges**



Maldives joined the Global Forum in February 2016. Since then, the Maldives Inland Revenue Authority (MIRA) has been continuously working on the implementation of international tax transparency standards. MIRA was a young tax administration at the time, only five years into the introduction of the tax system and much work remained to be done in educating the public on taxation and administering the tax framework.

Maldives stepped into the tax transparency landscape early on, fully recognising the need to partner with other countries to gain a more comprehensive understanding of taxpayer’s assets, activities and cross-border transactions, and to ensure that MIRA was collecting the right amount of taxes. Since 2016, Maldives has been consistent in its commitment to fighting tax evasion and has worked closely with the Global Forum to ensure that best practices were put into action.

Legislative amendments

One of the biggest challenges for MIRA was bringing in legislative amendments, which required consultations with other government bodies and educating relevant stakeholders. The concept of tax transparency was foreign to other government institutions, and educating and getting other institutions on board was particularly challenging.

MIRA received continuous guidance from Global Forum throughout the legislative amendment process, whereby assistance was received in identifying the gaps in the legislation, as well as responding to queries and concerns received by other institutions such as the Ministry of Finance, Attorney General’s Office and the Parliament of Maldives. During this process, several workshops were held with government bodies in collaboration with the Global Forum. These events served to promote dialogue and raise understanding. After an extensive process of legislative



Jameel Fathuhulla, Commissioner General, Maldives Inland Revenue Authority.

amendments, Maldives signed the MAAC and MCAAs in August 2021.

Reform to internal processes and systems

Internal reforms took place in parallel to the work done on revising tax laws. To further expedite the project implementation, a separate EOI unit was formed in 2019, creating structural and administrative changes to cater the demands of the standard. Additional employees were hired and dedicated secure space was allocated to store the data received through exchange of information.

Maldives underwent review on Confidentiality and Data Safeguards in early 2022. The Global Forum undertook the assessments of Information Security processes and helped MIRA in building staff knowledge on ISM. In addition to the standard operating procedures created within MIRA, comprehensive policies regulating controls over information security documents were missing when the project started. The development of these policies, their implementation, and the selection of a Chief Information Security Officer to oversee the ISM framework required a significant amount of organisational effort. MIRA’s success in bringing the ISM controls up to par with confidentiality and data safeguard standards has been greatly aided by advice from devoted ISM specialists and guidance published by the OECD.

The procurement of a technical solution to collect available domestic data presented another challenge for this project. XML schema developed by the OECD helped in understanding the requirements of the technical solution which MIRA opted to procure through an external vendor. The EOI unit, together with MIRA’s IT team, worked together to set up the software and ensure the CTS’ criteria and schema were met. Once the installation was completed, MIRA conducted workshops for financial institutions in collaboration with the Global Forum and technical solution vendors, to guide them through the process.

An impactful capacity-building programme for Asia

Key takeaways and lessons learnt

When Maldives stepped up for this commitment, MIRA did not foresee the extent of effort, amount of resources and collaboration that were required from stakeholders to put the process in to practice. Therefore, it is important that tax administrations engage and initiate dialogue with relevant stakeholders early in this process.

Effective implementation of the AEOI standard is dependent on the ability of the financial institutions to understand their obligations and the due diligence process. Consequently, providing clear guidance and a platform for collaboration with financial institutions is vital in ensuring effectiveness and error-free exchanges.

The lack of trained and experienced professionals in the field and the limited resources and staff was another challenge for MIRA, especially in implementing an overarching information security framework. Based on the recommendations Maldives received from the

confidentiality review and dialogue with peers, it is evident that ensuring controls does require for every institution to have adequate data management tools in place, which can be particularly challenging for developing countries. As such, budgetary and resource planning in the early stages of implementation would be helpful.

This project so far has been a huge milestone with a steep learning curve for MIRA. The transition from a very young tax administration with minimal experience in modern tax transparency frameworks and international taxation to a country that successfully exchanged information under CRS for the first time in 2022 has been challenging, although it also serves as an example of how support from organisations like the Global Forum can be an integral part of tax reform in developing countries like the Maldives.

Source: Maldives Inland Revenue Authority.



MALDIVES
INLAND REVENUE
AUTHORITY

Comprehensive knowledge tools available to Asian tax administrations

To level knowledge gaps and ensure greater engagement in capacity-building activities, different tools have been developed over the years, covering all key elements of the implementation of the standards but also helping tax officials better use the EOI tools in their daily activities.

Toolkits and manuals provide background information and practical solutions to Global Forum members, in particular developing ones, which intend to establish a sound EOI infrastructure and use of it effectively in their DRM strategy. The Global Forum toolkits and manuals released so far are publicly available.³ In addition, specific tools, guidance and templates are made available to tax administrations upon request.⁴ In 2022, 21 Asian members requested at least one of these tools. Finally, e-learning courses complement virtual and onsite trainings.⁵

BUILDING SUSTAINABLE AND INCLUSIVE CAPACITIES ON TAX TRANSPARENCY

The Secretariat has invested on new innovative programmes that seek to build sustainable and inclusive capacities in assisted jurisdictions. These include the Train the Trainer programme, the Women Leaders in Tax Transparency programme and the ISM Network. These new programmes aim to ensure that all Global Forum members, including Asian members, develop the necessary knowledge and skills towards further co-operation and participation in the global tax transparency work.

Train the Trainer programme for Asia

In 2022, with the launch of the first Asian Train the Trainer programme,⁶ a significant step towards the development of a sustainable EOI capacity within Asian tax administrations was achieved. During 9 months, 22 officials (77% being women) from 12 Asian jurisdictions

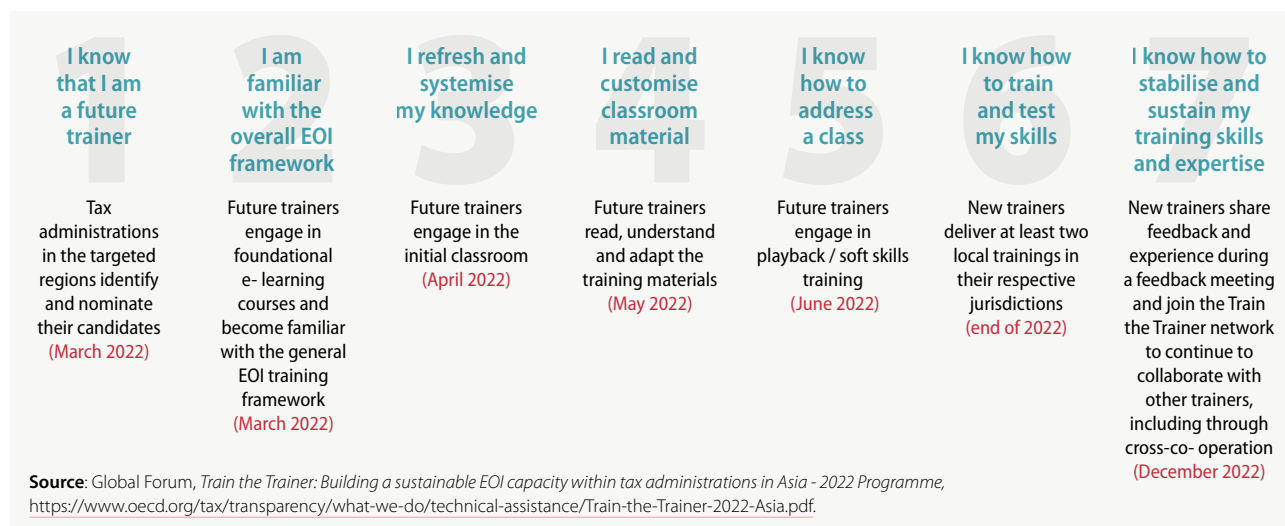
3. Toolkits and manuals are available at <https://www.oecd.org/tax/transparency/documents/key-publications-and-documents.htm>.

4. Documents available to tax authorities upon request: <https://www.oecd.org/tax/transparency/documents/documents-available-to-tax-authorities-upon-request.htm>.

5. E-learning courses available at <https://www.oecd.org/tax/transparency/resources/global-forum-e-learning.htm>.

6. More information on the Train the Trainer programme is available at <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/train-the-trainer.htm>.

FIGURE 17. **The Train the Trainer programme steps**



participated in a demanding and comprehensive series of sessions. The objective is to create and support a highly-skilled network of trainers who will, in turn, effectively transmit and multiply the acquired knowledge and skills domestically.

The programme included several steps to provide continued support to the participants (see Figure 17):

- initial training
- support in tailoring training materials
- playback session
- support in the preparation and during the first local trainings.

The ultimate goal is for participants to deliver regular high-quality trainings on EOI to tax auditors and investigators in their national language and using domestic case studies. The programme is conceived as an accelerator boosting tax officials' ownership and efficient use of EOI instruments in their day-to-day work, helping them tackle tax evasion and other IFFs and mobilise domestic revenues.

The programme has been impactful with 20 trainings delivered to over 1 000 tax auditors and investigators

(49% of which were women) by the local trainers in 2022. It was commended by the participants, who reported improving their EOI knowledge and soft skills, as well as a greater confidence in their ability to develop and deliver trainings (see Box 6).

Having successfully delivered their first trainings, the trainers received a certificate and joined the "Train the Trainer network". The network aims to enable the laureates from regional programmes to share their experience and best practices, discuss objectives, achievements and challenges in delivering training, provide support to other laureates during future training sessions, and collaborate on joint projects.

Championing gender balance in tax transparency

The new programme Women Leaders in Tax Transparency⁷ was launched in 2022. This flagship initiative aims to make a decisive contribution towards a sustainable increase of women leadership in tax transparency, a strategic capacity-building axis of the Secretariat.⁸ The programme promotes an increased participation of female officials in leading positions of national tax administrations and international meetings. In addition, it seeks to create a network of alumni to ensure lasting co-operation and experience sharing between women leaders across national tax administrations.

7. More information on the Women Leaders in Tax Transparency is available at: <https://www.oecd.org/tax/transparency/documents/2022-global-forum-plenary-meeting-outcomes.pdf>.

8. OECD (2020), *Capacity Building – A New Strategy for the Widest Impact*, <https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/Capacity-Building-Strategy.pdf>.

An impactful capacity-building programme for Asia



“Participating in Women Leaders in Tax Transparency has been very fulfilling professionally and personally. It allowed me not only to enhance my theoretical and practical knowledge for the effective implementation of the Global Forum’s tax transparency standards but also to share my experience in their implementation in Armenia. At the same time, it was a great opportunity to listen other countries’ experience and to be a witness of many success stories. But the most precious part was the dynamic of all these women working for the better implementation of international standards in their country; women who with their experience inspired me to be more professional and why not to be more woman. And finally, as Margaret Thatcher stated: “If you want something said, ask a man, if you want something done, ask a woman.”

– **Nairuhi Avetisyan**, Deputy Head of Comprehensive Tax Audit department, State Revenue Committee, Armenia

The 9-month programme was offered to 22 participants from developing economies, including 4 officials from Asian members (Armenia, Azerbaijan, Georgia and Maldives), to contribute to the fight for gender equality and to empower women to take leading roles on tax transparency in tax administrations and/or ministries of finance.

The programme required participants to prepare in advance of all sessions through the reading of technical material, attending e-learning modules and preparing documents to support discussion and experience

sharing. Six sessions were organised that focused on central aspects of tax transparency, such as the tax transparency standards and the broader international tax agenda. Leadership trainings and mentoring sessions were delivered by experienced women active in the tax transparency field (see Box 7). The Women Leaders in Tax Transparency network was created and will continue to expand in coming years. The network, which will meet regularly, constitutes a forum to discuss the upcoming tax transparency agenda as well as any challenge in the implementation of the EOI standards with the aim to empower women.

BOX 6. Interviews with participants of the 2022 Train the Trainer programme

Ms Xun Zhao, Global Co-operation & Compliance International Taxation Department, State Taxation Administration, People’s Republic of China.



What impact did the Train the Trainer programme have on your technical capacity and confidence to deliver trainings?

Participating in the 2022 Train the Trainer Programme was an enriching experience that has improved my capacity on the fundamentals and technical aspects of transparency and EOI for tax purposes. The coherent and logical modules with specific targets helped refresh and systemise my knowledge and skills to better implement the EOIR standard. The practical nature of the training allowed me to experiment with the tools and materials necessary for elaborating and planning a local training. These tools and materials provided by the training team allowed me to

use them when formulating training materials back home, which were customised to meet our local needs. Moreover, my soft skills have improved in terms of addressing a class, facilitating discussions following presentations, as well as time management within a session. These improvements contribute significantly to build my confidence to deliver trainings to our local tax professionals.

How many trainings did you hold in China and how many officials were trained?

In 2022, as part of our internal capacity building programme and promoted by the Train the Trainer programme launched in Asia, six domestic trainings were conducted with nearly 300 tax officials engaged. The trainings were mainly designed to enhance participants’ awareness about the existing modes of cross-border administrative assistance in tax matters, EOIR in particular, and boost their ability to effectively utilise EOI to tackle tax evasion in their day-to-day work.

How would you describe the support received from the senior management of the tax administration and the coordination with the HR/training department on the local trainings?

Since the successful launch of the Asia Initiative, our senior management has committed to its fruitful operation in boosting joint efforts of its members to promote revenue mobilisation in the region. In this context, the awareness of our senior management in building sustainable EOI capacity has been progressively raised. This is due to increasing political attention accorded to EOI worldwide, as well as our specific objectives and measurable commitments to capacity building in tax transparency and EOI. With the support from the senior management, the training department offered sufficient assistance to make sure the local trainings happened in an efficient and effective manner.

Do you have any plans regarding further training in China?

Chinese tax authorities have made great efforts in promoting tax transparency to unlock its potential in the fight against tax evasion and other IFFs. These efforts have led to remarkable outcomes. Building on our current internal capacity building mechanism in transparency and EOI, we are planning to run three or four domestic trainings in the second semester of 2023, either physically or remotely. About 50 to 80 tax officials would be expected to participate for each session.



国家税务总局
State Taxation Administration

Mr Nico Amaros, EOI analyst, EOI Division,
Directorate of International Taxation,
Directorate of General of Taxes, Ministry of
Finance, Indonesia.



What impact did the Train the Trainer programme have on your technical capacity and confidence to deliver trainings?

Through the Train the Trainer programme, participants are prepared to deliver local EOI trainings in line with the highest standard. Being part of this programme widened my knowledge regarding EOI, hence increasing by confidence to deliver trainings to my colleagues in the tax units. With the group dynamic, I learnt a lot on the implementation



of EOI in my fellow trainers' countries. Another value of the programme for me was that I also developed more knowledge on EOI implementation and hence, I am now more comfortable handling more complex EOI cases as well drafting EOI requests.

How many trainings did you hold in Indonesia and how many officials were trained?

With my colleague from the EOI unit and Human Resources, we conducted two local trainings for auditors in July and August 2022. In total, 103 tax auditors participated in the two trainings.

How would you describe the support received from the senior management of the tax administration and the coordination with the HR/training department on the local trainings?

I was encouraged by my senior manager to join and was given the necessary space to focus on the training. I am very grateful to her for having given me the opportunity to join the programme.

Do you have plans regarding further training in Indonesia?

Following the programme, I was appointed as a trainer on EOI and EOI-related topics in a series of training which will be held by Center for Tax Education and Training. I genuinely wish that I could continue to help Indonesian tax officials to fully grasp EOI concepts and to be able to optimise the use of EOI as an essential tool to enhance domestic resource mobilisation.

Source: Global Forum.



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

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BOX 7. Women Leaders in Tax Transparency 2022 programme

- **February 2022:** initial meeting focused on legal aspects of the EOIR standard, with mentoring sessions opened by Ms Grace Perez-Navarro, Deputy-Director of the OECD Centre for Tax Policy and Administration, Patron of the 2022 programme, and by Ms Zayda Manatta, Head of the Global Forum Secretariat.
- **March 2022:** second meeting centred on the AEOI standard and the beneficial ownership standard with the expertise of Ms Wendy Roelandt, Advisor-General and Head of International Relations at the Federal Public Service Finance of Belgium, with the participation of Ms Maria José Garde, General Director of Taxes in the Spanish Ministry of Finances and then Chair of the Global Forum (2017-2022), and of Ms Ana Cebreiro, Senior Economist and Global Tax Program Manager at the World Bank.
- **May 2022:** third meeting focused on the practical aspects of EOIR, in particular the concept of foreseeable relevance with the expertise of Ms Miek Haller, Deputy Head of the Service for Exchange of Information, Switzerland, with the participation of Ms Rowena Bethel, International Tax Information Exchange Specialist, and Ms Elizabeth Guerrero, former Vice Minister of Revenue of Costa Rica and former Chair of the Latin America Initiative.
- **July 2022:** fourth meeting focused on the international tax agenda, with the participation of Ms Marlene Nembhard-Parker, Deputy Commission General of the Jamaican Tax Administration and Co-Chair of the Base Erosion and Profit Shifting (BEPS) Inclusive Framework, and Ms Huey Min Chia-Tern, Deputy Commissioner of the Inland Revenue Authority of Singapore and then Chair of the Global Forum Peer Review Group.
- **September 2022:** fifth meeting centred on a leadership training for women, with the participation of a certified trainer.
- **October 2022:** final meeting of the 2022 pilot edition with a feedback session and the launch of the Women Leaders in Tax Transparency network.



Women leaders in tax transparency lunch meeting, 10 November 2022, Seville, Spain.



“Given the significant expansion of cross-border transactions with digital transformation across the region, promoting tax transparency will bring tremendous benefits for the tax authorities in Asia through fighting against non-compliance, ensuring the reliability of their tax system and mobilising domestic resources. The Asia Initiative, as a platform of mutual assistance in tax administration, will play a pivotal role in supporting regional tax transparency which underpins a sustainable economic growth in the Asian jurisdictions. Japan is working closely with the tax authorities in the region to address non-compliance through the channels of exchange of information and mutual assistance in tax recovery in co-operation with international/regional institutions including Asian Development Bank.

We are committed to actively participate and support the work programmes of the Asia Initiative and hope to see more colleagues in Asia join us.”

– **Wataru Sakata**, Commissioner of National Tax Agency, Japan

A network to enhance co-operation on information security management

At the 2021 Global Forum plenary meeting, the Secretariat launched an information security management (ISM) network as a platform for Global Forum members to share best practices and experiences, creating a community to improve confidentiality and data safeguards frameworks. As a platform for interaction and sharing of experiences between jurisdictions, including both developed and developing members, the network plays an important role in the development of confidentiality and data safeguards across all Global Forum members.

The ISM network currently gathers more than 200 nominated representatives from 65 jurisdictions – including 7 Asian members. In addition, the “ISM network Live Hour” was launched to discuss key ISM topics

proposed by the network’s experts on a quarterly basis. Four sessions have so far been conducted and attended by 10 participants from Asian members. Topics discussed included vulnerability management, insider threat, incident management, investigation and breach reporting, and secure use of personal mobile devices.

PARTNERSHIPS TO SUPPORT THE ASIAN JURISDICTIONS

The Asia Initiative also serves as a platform for enhanced collaboration with key partners in the region. Thanks to the support of development partners, in particular Japan, and in co-ordination and collaboration with its five technical partners, the Asia Initiative is equipped to provide the technical assistance needed by developing economies in the region and to effectively promote tax transparency.



“Tax transparency and exchange of information (EOI) are powerful tools in tackling tax evasion and other illicit financial flows and ADB strongly encourages effective implementation of EOI standards. ADB sees the Asia Initiative as an important partner in promoting and implementing these standards in the region.”

– **Masatsugu Asakawa**, President of the Asian Development Bank (ADB)

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“Exchange of information is a powerful tool to address tax evasion. Co-operation towards realising the full potential of this tool is very important. In this regard, SGATAR sees the collaboration among partners to strengthen the capacity building offered to the members of the Asia initiative as a step in the right direction.”

– **Datuk Dr Mohd Nizom Sairi**, Chair of SGATAR, Chief Executive Officer, Inland Revenue Board, Malaysia

- **Japan:** during the Global Forum plenary meeting held in Seville in November 2022, Japan announced a financial contribution to support the Asia Initiative capacity-building work for 2023. This generous contribution is essential to ensure that the level of support provided meet the increasing needs of developing economies in the region. In addition, Japan continues to share its expertise and experience with other Asian members and to provide experts on specific events.



- **Asian Development Bank (ADB):** ADB is committed to achieving a prosperous, inclusive, resilient and sustainability in the Asia and Pacific regions, while sustaining its efforts to eradicate extreme poverty. DRM and international tax co-operation are key strategic priorities for ADB, leading up to the launch of the Asia Pacific Tax Hub at the 54th ADB Annual Meeting in May 2021. Participating in the Asia Initiative is aligned with this key priority as it raises awareness and promote effective implementation of the international tax transparency standards, while enhancing regional co-operation to address tax evasion and other IFFs and mobilise resources for development and sustainable growth in Asia. The ADB is greatly involved in training events offered to Asia Initiative’s members and contributed to many Global Forum’s induction programmes for Asian members. In 2022, three events were organised with ADB.



- **Commonwealth Association of Tax Administrators (CATA):** CATA is an Associated Organisation of the Commonwealth established in 1978. The organisation helps Asian members through conferences, training programmes, publications, and knowledge sharing to develop effective tax administrations that promote sustainable development and good governance.



- **International Finance Corporation (IFC):** IFC is a partner of the Asia Initiative, strengthening the collaboration in promoting the tax transparency agenda in Asia.



- **Study Group on Asian-Pacific Tax Administration and Research (SGATAR):** SGATAR became the first partner of the Asia Initiative shortly after its launch. It reinforces the Global Forum’s work by encouraging its members to participate in tax transparency. It also collaborates with the Global Forum through technical engagements on tax transparency and EOI. In this regard, the Global Forum and SGATAR held three workshops in 2022.



- **World Bank (WB):** Since 2011, the Global Forum and the WB have worked together in the fight against IFFs and in supporting DRM efforts. The WB and the Global Forum continued to work together in 2022 providing joint technical assistance in relevant EOI areas.



WORLD BANK GROUP



6

Looking ahead

The tax transparency agenda has greatly advanced in Asia since 2009. With the establishment of the Asia Initiative in 2022, and the adoption of its high-level work plan, more progress is expected in the near future. In particular, the Asia Initiative will implement the actions and activities, so as to achieve the objectives set out in the Bali Declaration.

Looking ahead

ADVOCATING FOR TAX TRANSPARENCY

A continuous engagement at the political level remains a key pillar of the Asia Initiative, as political buy-in is critical for the implementation of the tax transparency standards. The expanding adherence to the Declaration is a strong signal of the region's resolve to advance tax transparency as a tool for combating tax evasion and other IFFs and sustaining the recovery through the mobilisation of domestic resources. The Co-Chairs, members and partners of the Asia Initiative, along with the Secretariat will therefore continue encouraging Asian members that have not yet joined the Declaration to do so. This will help increase political attention to tax transparency, while non-members of the Global Forum will be encouraged to join the global efforts in tax transparency.

In addition, actions will be undertaken to support members in better monitoring the impact of EOI on DRM. Documenting outcomes with figures is essential to show the benefits of tax transparency to non-members, to domestic authorities and more broadly to citizens. The annual publication of the Tax Transparency in Asia progress report will be a key cog of these endeavours.

CONSOLIDATING THE IMPLEMENTATION OF THE TAX TRANSPARENCY STANDARDS

Technical assistance will continue to be provided to prepare members for their peer reviews, as well as to address any gaps identified in the context of the peer review process. This will include a specific attention to the implementation of mechanisms to ensure the transparency of beneficial ownership information.

The Global Forum and its partner organisations will encourage Asian members not yet committed to AEOI to benefit from the technical support available, to determine a suitable date for first exchanges, and to define and implement an action plan to meet this objective. This encompasses a comprehensive support for the smooth implementation of all the AEOI building blocks, including the ISM component.

DEVELOPING KNOWLEDGE AND INCLUSIVE CAPACITIES

The Secretariat and its partners will continue to organise training events, which can take different formats, to develop skills in all relevant areas of tax transparency. Training of tax officials on the use of the EOI tools in their daily activities will remain an essential part of this work.

In addition, the Train the Trainer programme and the Women Leaders in Tax Transparency programme will continue to be offered to Asian members. Their participation to the ISM network will also be encouraged and promoted.

WORKING ON THE COMPLEMENTARY ACTIVITIES

In 2023, the work on the Initiative's complementary activities will be discussed by members to define their interest to participate on a voluntary basis in one or more of the different actions. The Asia Initiative will consider the following activities: effective use of CRS data, EOI on VAT or GST, the wider use of EOI data, the recovery of tax claims, and other forms of co-operation (e.g. spontaneous EOI, simultaneous audits, and tax examination abroad).

Snapshot of Asian members' progress on tax transparency

7

Snapshot of Asian members' progress on tax transparency

Jurisdiction	Membership	Asia initiative member	Technical assistance programme available	Implementation of EOIR standard	
				1 st round	2 nd round
Armenia	2015	Member	Member	—	Scheduled Q3 2021
Azerbaijan	2013	Non member	Non member	LC in 2016	Scheduled Q3 2023
Brunei Darussalam	2009	Member	Member	LC in 2016	LC in 2020
Cambodia	2017	Non member	Non member	—	Scheduled Q4 2023
China (People's Republic of)	2009	Member	Member	C in 2012	LC in 2020
Georgia	2011	Non member	Non member	LC in 2016	Scheduled in Q1 2023
Hong Kong (China)	2009	Member	Member	LC in 2013	LC in 2018
India	2009	Member	Member	C in 2013	LC in 2017
Indonesia	2009	Member	Member	PC in 2011	LC in 2018
Japan	2009	Member	Member	C in 2011	LC in 2018
Kazakhstan	2012	Member	Member	—	PC in 2018
Korea	2009	Member	Member	C in 2012	LC in 2020
Macau (China)	2009	Member	Member	LC in 2013	LC in 2020
Malaysia	2009	Member	A la carte	LC in 2014	LC in 2019
Maldives	2016	Member	Induction programme	—	Review launched in 2022 (phase 1) and ongoing
Mongolia	2018	Member	Induction programme	—	Scheduled in Q2 2023
Pakistan	2012	Member	A la carte	LC in 2016	Review launched in 2021 (phase 1) and ongoing
Philippines	2009	Member (since 2023)	A la carte	LC in 2013	LC in 2018
Singapore	2009	Member	A la carte	LC in 2013	C in 2018
Thailand	2017	Member	Induction programme	—	Scheduled Q3 2022
Uzbekistan	2022	Non member	Induction programme	—	Scheduled Q3 2025
Viet Nam	2020	Non member	Induction programme	—	Scheduled Q2 2024

Snapshot of Asian members' progress on tax transparency

EOI network and MAAC status Very narrow < 10 Narrow < 50 Wide < 100 Very wide > 100	AEOI standard			
	Confidentiality and data safeguards framework	AEOI commitment	Implementation of the legal framework	Effectiveness in practice
Very wide MAAC in force since 2020	Technical assistance	*	—	—
Very wide MAAC in force since 2015	Reciprocal exchange	First exchange in 2018	In place but needs improvement	On Track
Very wide MAAC in force since 2019	Non-reciprocal exchange	First exchange in 2018	In place	Partially Compliant
Very narrow MAAC not signed	—	—	—	—
Very wide MAAC in force since 2016	Reciprocal exchange	First exchange in 2018	In place	On Track
Very wide MAAC in force since 2011	Reciprocal exchange	Commitment to AEOI in 2024	—	—
Very wide MAAC in force since 2018	Reciprocal exchange	First exchange in 2018	In place	On Track
Very wide MAAC in force since 2012	Reciprocal exchange	First exchange in 2017	In place but needs improvement	On Track
Very wide MAAC in force since 2015	Reciprocal exchange	First exchange in 2018	In place	On Track
Very wide MAAC in force since 2013	Reciprocal exchange	First exchange in 2018	In place but needs improvement	On Track
Very wide MAAC in force since 2015	Reciprocal exchange	First exchange in 2021	—	—
Very wide MAAC in force since 2012	Reciprocal exchange	First exchange in 2017	In place	On Track
Very wide MAAC in force since 2018	Non-reciprocal exchange	First exchange in 2018	In place	On Track
Very wide MAAC in force since 2017	Reciprocal exchange	First exchange in 2018	In place	On Track
Very wide MAAC in force since 2022	Reciprocal exchange	First exchange in 2022	—	—
Very wide MAAC in force since 2020	Technical assistance	*	—	—
Very wide MAAC in force since 2017	Reciprocal exchange	First exchange in 2018	In place	Partially Compliant
Narrow MAAC signed but not in force	—	—	—	—
Very wide MAAC in force since 2016	Reciprocal exchange	First exchange in 2018	In place	On Track
Very wide MAAC in force since 2022	Reciprocal exchange	Commitment to AEOI in 2023	—	—
Wide MAAC not signed	—	—	—	—
Wide MAAC not signed**	—	—	—	—

* In 2023, Armenia and Mongolia committed to AEOI by 2025 and 2026 respectively.

** Viet Nam signed the MAAC on 22 March 2023.

Annex A

Bali Declaration

A CALL TO ENHANCE THE USE OF TAX TRANSPARENCY FOR A SUSTAINABLE MOBILISATION OF DOMESTIC RESOURCES

We, the undersigned Ministers of Asian members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum),

Recognising that the world has gone through an unprecedented crisis resulting from the COVID-19 pandemic which has put a spotlight on equity challenges that existed well before the pandemic and hence intensified the public perception that tax evasion and other illicit financial flows are no longer acceptable;

Acknowledging that tax evasion and other illicit financial flows continue to plague governments worldwide and to hinder the financing of public goods and services as well as the sustainable and fair development;

Recalling the commitment of the Addis Ababa Action Agenda to redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion through strengthened national regulation and by scaling up international tax co-operation, including to support access to beneficial ownership information for competent authorities and progressively advance towards automatic exchange of tax information among tax authorities as appropriate;

Reaffirming the importance of strengthening domestic tax policy and administration for the benefit of the citizens by supplying governments with much needed resources and instruments for pursuing their respective development goals and sustaining economic growth to achieve the Sustainable Development Goals;

Emphasising the unprecedented efforts made by the international community to improve transparency and exchange of information for tax purposes through the internationally agreed standards of the Global Forum (tax transparency standards) which are a prerequisite for effectively tackling tax evasion and other illicit financial flows;

Recognising that the Convention on Mutual Administrative Assistance in Tax Matters is the most comprehensive multilateral instrument available for administrative co-operation offering a wide range of possibilities for mutual assistance;

Underlining that regional initiatives on tax transparency have demonstrated their efficiency in promoting and advancing the tax transparency agenda locally taking into account the specific circumstances and needs of the jurisdictions in those regions; and Stressing that these initiatives create an invaluable regional dynamic and bring concrete and measurable progress while allowing their members to adopt flexible approaches to meet the tax transparency standards and the development goals;

Noting that participation of the Asian region needs improvement in implementing the tax transparency standards, while Acknowledging that for Asian jurisdictions to benefit from these standards, raising awareness, building knowledge and skills, and supporting the implementation and effective use of the tax transparency standards are critical;

We, the undersigned Ministers of Asian members of the Global Forum, declare that:

1. We reaffirm the important role of the Global Forum in bringing about tax transparency and in assisting jurisdictions, in particular developing jurisdictions, in the implementation of the tax transparency standards and the use of the administrative co-operation instruments in their domestic resource mobilisation strategy.
2. We reiterate our commitment to fully and effectively implement the internationally agreed tax transparency standards of the Global Forum (tax transparency standards);
3. We welcome and join the Global Forum's Asia Initiative to facilitate the implementation of the tax transparency standards, maximise their effective use to tackle tax evasion and other illicit financial flows, and increase tax co-operation among Asian members;
4. We encourage Asian jurisdictions to join the Global Forum and its Asia Initiative, and to become party to the Convention on Mutual Administrative Assistance in Tax Matters to rapidly implement and fully benefit from tax transparency standards to support the fairness of their tax system and their domestic resource mobilisation strategy;

5. We invite all global and regional development partners and technical partners to participate and contribute in the Asia Initiative and its capacity-building activities to promote tax transparency and support effective use of administrative cooperation instruments;
6. We resolve to lead by example in effectively using the powerful global infrastructure which has been built in the past decade and to continuously improve our co-operation, both at the global and regional levels;
7. We commit to explore the full range of possibilities for co-operation provided by the Convention on Mutual Administrative Assistance in Tax Matters, including, where relevant, through enhanced co-operation between interested Asia Initiative members.

Annex B

Donors of the Global Forum

Since 2011, the Global Forum has delivered a capacity-building programme to support the implementation and effective use of the two global standards on transparency and exchange of information by its developing members. Our activities are empowering jurisdictions in their fight against tax evasion and other illicit financial flows, and ultimately helping them increase their domestic resource mobilisation.

Our capacity-building programme has developed and expanded over the years. Today, more than half of the Global Forum members are developing countries. The programme aims to ensure that developing jurisdictions are not left behind, and fully

benefit from the remarkable progress achieved in transparency and administrative co-operation in the past decade.

Through awareness raising at political level, training of thousands of officials, the development of tools (e.g. toolkits, e-learning) and high-standard technical assistance, the dynamic of change is progressing and more developing jurisdictions are reaping the benefits of a more transparent tax world.

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.

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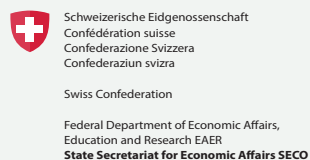
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