

Automatic Exchange of Information Implementation Report 2017

AEOI Implementation Report 2017

Table of contents

Executive summary	3
Part I. Introduction and background	4
1.1. The genesis of the AEOI Standard.....	4
1.2. Delivering a level playing field.....	5
1.3. This AEOI Implementation Report.....	8
Part II. Requirements to delivering the commitments to implement the AEOI Standard.....	9
2.1. The high-level requirements	9
Part III. The delivery of the exchanges in 2017	11
3.1. The legal framework for 2017 exchanges.....	11
3.2. Activating and operationalising the 2017 exchanges.....	12
3.3. Conclusions in relation to 2017 exchanges.....	13
Part IV. The delivery of the exchanges in 2018	14
4.1. The legal framework for 2018 exchanges.....	14
4.2. Activating and operationalising the 2018 exchanges.....	18
4.3. Conclusions.....	19
Annex A. The Staged Approach.....	20

Tables

Table 1. AEOI Status of Commitments*	6
Table 2. Jurisdictions without the complete domestic legislative framework in place	15
Table 3. Numbers of partners for which data is being collected for 2018 exchange compared to the total number of jurisdictions committed to exchanging in 2017 or 2018.....	16
Table 4. Current numbers of administrative agreements of jurisdictions not currently adopting the multilateral approach.....	18

Executive summary

In 2014, the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) adopted the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard) developed by the OECD working with G20 countries. To deliver a level playing field the Global Forum launched a commitment process under which 102 jurisdictions have committed to its implementation in time to commence exchanges in 2017 or 2018.

With exchanges under the AEOI Standard having now commenced amongst almost 50 jurisdictions there has been a major shift in international tax transparency and the ability of jurisdictions to tackle offshore tax evasion.

This is particularly remarkable when it is considered that during the past few years each of those jurisdictions had to (i) introduce detailed domestic rules requiring their financial institutions to collect and report the data to be exchanged, (ii) conclude international agreements with each of their partners to deliver the widespread exchange networks necessary for automatic exchange, and (iii) put in place the technical solutions to link into the Common Transmission System (CTS) that was put in place by the OECD's Forum on Tax Administration and which is being managed by the Global Forum.

The monitoring results in relation to those that commenced exchanges this year essentially show the full delivery of the commitments made, including the timely collection of the data domestically – 100% have the data collection laws in place – and its widespread exchange internationally – given that 98% of the potential exchange agreements were activated in good time.

The work to deliver on the commitments to implement the AEOI Standard is however not yet complete, with over 50 more jurisdictions committed to commence exchanges next year. The monitoring results to date suggest that the delivery of the commitments will not be as comprehensive as for those that started exchanging in 2017. While many jurisdictions are fully on track, with the domestic laws in place (amounting to 93% of jurisdictions for 2018 exchanges) and have made good progress in putting in place the international legal framework, there are a certain number of jurisdictions that have missed key milestones and face challenging timelines to deliver on the commitments made.

While it is expected that the large majority of the over 100 jurisdictions committed to commence exchanges in 2017 or 2018 will deliver on the commitments made, an intense focus must be maintained on implementation.

This is the first detailed annual report to be published by the Global Forum on the implementation status of those committed to implement the AEOI Standard in time to commence exchanges in 2017 or 2018. The contents reflect the situation as of 17 November 2017. The second annual report will be published in 2018. In the interim, the latest developments can be found on each jurisdiction's website and on the [AEOI Portal](#).

If you have any queries regarding the report please contact: gftaxcooperation@oecd.org.

Part I. Introduction and background

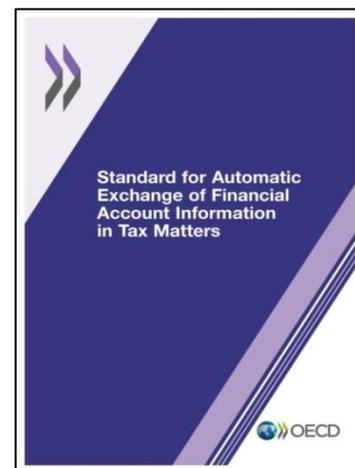
1.1. The genesis of the AEOI Standard

1. In a globalised world, with widespread international financial flows, international cooperation on tax compliance has become the norm. Central to this has been information sharing between tax authorities. Over many years the Global Forum's Standard of Exchange of Information on Request (EOIR) has become fully ingrained and widely used. This provides for a framework for tax authorities to request and obtain information from their international partners on the offshore affairs of their taxpayers.

2. However, with the increasing mobility of people and finance, along with rapid technological change, the limitations of having to specifically request particular information became clear. Technological advancements also meant the widespread automatic exchange of information (AEOI) became increasingly viable as a tool to complement and reinforce EOIR and to provide greater tax transparency, further enhancing international cooperation to ensure tax compliance.

3. Consequently, the OECD, working with G20 countries and in close cooperation with other stakeholders, developed the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the AEOI Standard¹). This AEOI Standard incorporates legal and technical requirements to provide for a complete and standardised model for the automatic exchange of a wide range of financial information, including information on assets and accounts held by banks, insurers and investment entities (such as funds and certain trusts) for offshore tax residents. This detailed and standardised approach, maximises the potential benefits of the AEOI Standard while, at the same time, minimising costs for governments and financial institutions.

4. In addition to the significant deterrent effect of the move to AEOI, the implementation of the AEOI Standard has the potential to deliver a step change in the international community's ability to tackle offshore tax evasion. Jurisdictions will automatically have much greater levels of information on the overseas financial activities and wealth of their taxpayers, both individuals and entities.



¹ The AEOI portal provides detailed resources on the AEOI Standard at <http://www.oecd.org/tax/automatic-exchange/>.

1.2. Delivering a level playing field

5. Delivering the benefits of the AEOI Standard relies on there being a level playing field internationally, both in relation to its widespread adoption and in relation to the effectiveness in its implementation. The Global Forum's role is to support this.

1.2.1. Step 1 – The widespread adoption of the AEOI Standard

6. In 2014, soon after the AEOI Standard was developed, recognising how it would complement its existing EOIR Standard, the Global Forum members endorsed the AEOI Standard. The Global Forum then put in place a process to deliver a level playing field through collective commitments to implement the AEOI Standard to agreed timelines and to exchange information on a widespread basis.

The Global Forum's commitment process

7. All Global Forum members, except developing countries that do not host a financial centre (recognising the particular challenges they face to implement AEOI and the lower risk they pose to the level playing field), were asked to commit to:

1. implement the AEOI Standard in time to commence exchanges from 2017 or 2018 at the latest; and
2. exchange information with all interested and appropriate partners – being all those interested in receiving information and that meet the standards in relation to confidentiality and the proper use of data.

8. The commitment table below (Table 1) shows all the jurisdictions committed to exchanging information in 2017 or 2018. The jurisdictions committing to exchange in 2017 opted to implement the AEOI Standard to an earlier timetable to many of their peers in order to lead the agenda and to share their experiences to assist others. In 2018 the full delivery of the commitments is required in order to ensure a level playing field.

Table 1. AEOI Status of Commitments*

JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2017 (49)
Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus**, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks and Caicos Islands, United Kingdom
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018 (53)
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan***, The Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Curacao, Dominica, Ghana***, Greenland, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Kuwait, Lebanon, Macau (China), Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan***, Panama, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, Uruguay, Vanuatu

Notes:

* The United States has undertaken automatic information exchanges pursuant to FATCA from 2015 and entered into intergovernmental agreements (IGAs) with other jurisdictions to do so. The Model 1A IGAs entered into by the United States acknowledge the need for the United States to achieve equivalent levels of reciprocal automatic information exchange with partner jurisdictions. They also include a political commitment to pursue the adoption of regulations and to advocate and support relevant legislation to achieve such equivalent levels of reciprocal automatic exchange.

** Note by Turkey: The information in the documents with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in the documents relates to the area under the effective control of the Government of the Republic of Cyprus.

*** These jurisdictions were not asked to commit to 2018 exchanges, but did so spontaneously.

9. All jurisdictions asked to commit to the Global Forum’s AEOI Standard have now done so, except the United States. As of 2015 the United States exchanges certain information automatically pursuant to its various Model 1 FATCA intergovernmental agreements, which includes recognition by the government of the United States of the need to achieve full reciprocity.

Developing countries

10. Developing countries that do not host a financial centre were not asked to commit to the same timelines, recognising the particular challenges they face to implement AEOI and the lower risk they pose to the level playing field. They were instead invited to participate in a pilot project to assist in implementing AEOI. Six pilot projects are underway to assist developing countries, in partnership with developed countries (Albania

and Italy; Georgia and Germany; Ghana and the United Kingdom; Morocco and France; Pakistan and the United Kingdom; and the Philippines and Australia). The pilot project between Colombia and Spain came to a successful conclusion with Colombia exchanging information under the AEOI Standard in September 2017. Furthermore, Azerbaijan, Ghana and Pakistan all announced they would look to commence exchanges in 2018, Nigeria in 2019 and Albania and the Maldives in 2020. The Global Forum has published its developing country strategy, the *Global Forum's Plan of Action for Developing Countries Participation in AEOI*, which contains further details on the approach taken to ensure developing countries can benefit from the move to AEOI.

11. The rest of this report focuses on the delivery of the commitments by the 99 jurisdictions that committed to implement the AEOI Standard in time to commence exchanges in 2017 or 2018 after being asked to do so as part of the Global Forum's commitment process (i.e. its focus is not on the three² developing countries that were not asked to commit because they do not host a financial centre).

1.2.2. Step 2 – monitoring the timely delivery of the commitments made

12. Following the launch of the commitment process, the Global Forum put in place a monitoring process to track the delivery of all the key milestones in the implementation of the AEOI Standard (including in response to a specific request by the G20 to monitor and review the implementation of the AEOI Standard). The status of implementation by those committed to commence the exchange of information in 2017 or 2018 are set out in the following sections of this report.

1.2.3. Step 3 – reviewing the quality of the implementation of the AEOI Standard

The Staged Approach

13. To assess the quality of implementation, the Global Forum put in place the "Staged Approach", which, in addition to monitoring the timely delivery of the commitments made, includes reviews of key areas of AEOI implementation that can be assessed prior to exchanges taking place. The reviews being carried out are set out below and further details are contained in Annex 1:

1. The Global Forum has already conducted assessments of almost all jurisdictions with respect to the confidentiality and data safeguard frameworks they have in place to ensure the required standards are met and that the jurisdiction can therefore receive information under the AEOI Standard. Assistance is provided where needed.
2. The Global Forum is now part way through reviewing each jurisdiction's domestic legislative framework implementing the AEOI Standard. The process is complete for around a third of the jurisdictions and it is expected to be completed in 2018. Many jurisdictions have already amended their domestic legal frameworks to address the recommendations made.
3. The Global Forum is also reviewing the conformity of each jurisdiction's list of non-reporting financial institutions and excluded accounts with the AEOI

² Azerbaijan, Ghana, Pakistan.

Standard³. Over 70 jurisdiction-specific institutions and accounts have already been reviewed, with the rest due to be completed in 2018.

4. In addition, the Global Forum is ensuring each jurisdiction is exchanging information with all interested appropriate partners, monitoring the exchange networks being put in place, and providing a mechanism to address any gaps.
5. Finally, the Global Forum is monitoring that all jurisdictions have introduced the necessary IT and operational procedures to ensure the data can be exchanged.

The full AEOI reviews

14. Once exchanges are taking place it will be possible to carry out full peer reviews of whether the AEOI Standard has been implemented effectively, including whether it is ensured that financial institutions are properly carrying out their obligations. The Global Forum is therefore developing the Terms of Reference and Methodology for the full peer reviews of the implementation of the AEOI Standard, which are due to commence in 2020. These Terms of Reference and Methodology are expected to be completed by the Global Forum's 2018 plenary meeting.

1.3. This AEOI Implementation Report

15. The G20 and Global Forum members have repeatedly called not only for the close monitoring by the Global Forum of the implementation of the AEOI Standard, but also to report on progress made to ensure the delivery of the level playing field.⁴ This first public report therefore sets out the broad requirements to implement AEOI Standard before setting out the timeliness of the delivery of the key elements to AEOI implementation.

16. This report sets out the implementation status of the jurisdictions committed to commence exchanges in 2017 or 2018, starting with those that exchanged earlier this year and moving to those that will commence exchanges next year. It focuses mainly on the two immediate key implementation areas to successfully deliver exchanges: the domestic legislative framework for data collection and reporting, and the international legal framework for exchange.

17. The contents of this report reflect the situation as of 17 November 2017 and will be updated next year. In the interim, the latest developments can be found on each jurisdiction's website and on the [AEOI Portal](#)⁵.

³ The AEOI Standard allows each jurisdiction to issue jurisdiction-specific lists of low-risk Non-Reporting Financial Institutions and Excluded Accounts, provided they meet certain requirements.

⁴ E.g. the G20 Finance Ministers making a specific reference in 2016: http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Featured/G20/G20-Documents/2016-China-G20-July.pdf;jsessionid=AB460D535D621610FEC06ACEA85B3852?_blob=publicationFile&v=6; and the Global Forum at its 2016 plenary: <http://www.oecd.org/tax/transparency/statement-of-outcomes-GF-plenary-2016.pdf>. G20 Leaders' Declaration, July 2017: https://www.g20.org/Content/EN/Anlagen/G20/G20-leaders-declaration.pdf?_blob=publicationFile&v=11.

⁵ <http://www.oecd.org/tax/automatic-exchange/>

Part II. Requirements to deliver the commitments to implement the AEOI Standard

2.1. The high-level requirements

18. To implement the AEOI Standard there are essentially two broad requirements:

2.1.1. Putting in place the complete legal framework for exchange

1. A domestic legislative framework must be in place requiring financial institutions to collect and report the information:
 - a. It should be in effect from 1 January prior to the year of exchange, from which financial institutions should begin collecting self-certifications (including the account holder's tax residency and tax identification number) upon the opening of new accounts. This is also the start of the period within which all pre-existing accounts must be analysed and reported for exchange as required.
 - b. It should require the collection of information for at least all the jurisdiction's interested appropriate partners.
2. An international legal framework must be in place allowing for the automatic exchange of the information with all interested appropriate partners:
 - a. An underlying legal gateway for exchange should be in place for the period of exchange, which can be multilateral, e.g. the multilateral Convention on Mutual Administrative Assistance in Tax Matters ("the Multilateral Convention") or bilateral, e.g. Double Tax Conventions or Tax Information Exchange Agreements providing for AEOI.
 - b. An administrative agreement is also required between two jurisdictions, setting out the details of the exchanges. This can also be multilateral, such as the Multilateral Competent Authority Agreement (MCAA) with respect to the AEOI Standard, which relies on the Convention, or it can also be a bilateral agreement.

2.1.2. The activation and operationalisation of the exchanges

1. Once the legal framework is in place, it generally requires activation with each partner. Operational and IT aspects also need to be implemented to provide for the exchanges. These elements include:
 - a. Ensuring the international legal framework is activated in time for exchanges with all interested appropriate partners.⁶ The MCAA in particular requires activation with respect to each bilateral exchange relationship. This includes confirmations being provided that legislative, operational and confidentiality requirements are in place.
 - b. Ensuring the IT and operational aspects are in place to receive the information from financial institutions and transmit it to each partner. This generally culminates in the

⁶ Depending on when the Multilateral Convention was ratified, for it to enter into effect for the period of exchange, a jurisdiction may be required to deposit a declaration to that effect, or put in place an equivalent bilateral agreement.

use of the CTS developed by the OECD's Forum on Tax Administration and managed by the Global Forum.

19. This report will therefore analyse each of these aspects in turn, first in relation to the initial exchanges in 2017, and then with respect to exchanges in 2018, which is the year by which all those committed to implement the AEOI Standard should be exchanging (i.e. the first year where there should be a level playing field in AEOI implementation).

Part III. The delivery of the exchanges in 2017

Box 2. Expectations in relation to 2017 exchanges

The legal framework for 2017 exchanges

1. The domestic legislative framework should have been in effect from 1 January 2016.
2. The international legal framework should have been in place in time for exchanges by the end of September 2017.

Activating and operationalising the exchanges in 2017

1. The international agreements should have been activated with each interested and appropriate partner in time for exchanges by the end of September 2017.
2. Ultimately the data should have been transmitted to partners by the end of September 2017.

Note: those exchanging information in 2017 (the “early adopters”) chose to implement the AEOI Standard in advance of the required timetable, allowing for a transition to full delivery.

3.1. The legal framework for 2017 exchanges

3.1.1. *Timeliness in the implementation of the domestic legislative framework*

20. All the jurisdictions that committed to exchange information from 2017 have the necessary domestic legal framework in place.

21. Almost all jurisdictions met the expectation that the domestic legislative framework would be in place by the end of 2015 so that the data would start to be collected by financial institutions from 1 January 2016. There were only a very few exceptions. South Africa aligned the start date with its domestic tax period starting on 1 March 2016 (as permitted by the AEOI Standard). Anguilla and Montserrat implemented the procedures from 1 July 2016, which is when their domestic legislative framework was put in place. Poland experienced delays until 30 April 2017, but put in place interim due diligence procedures in relation to accounts opened from 1 January 2016 to 30 April 2017 to compensate for the delay.

**100% with
full domestic
laws**

3.1.2. *The scope of data collection*

22. It is also important to consider for which jurisdictions data is being collected. While most jurisdictions require financial institutions to collect data with respect to a category of persons, e.g. all non-

**97% coverage
in data
collection**

residents (the so called “wider approach”) or jurisdiction, e.g. all those committed to exchanging information in 2017 or 2018, others require their financial institutions to collect data for tax residents of a specified list of jurisdictions.

23. Where the data is being collected with respect to a specified list of jurisdictions, it is important for the list to include all interested appropriate partners or the data will not be collected and will therefore not be available for exchange.

24. With respect to the data collected by financial institutions for exchanges in 2017 amongst the early adopter jurisdictions, there was 97% coverage in data collection (essentially data was collected in all jurisdictions exchanging in 2017 for exchange with all others exchanging in 2017). A few jurisdictions therefore had slightly restricted data collection lists for 2017 exchanges (this issue is expanded on below, given the importance of the level playing field in 2018).

3.1.3. The completeness of the international legal framework

25. All early adopter jurisdictions participate in the Multilateral Convention which provides a legal gateway for them to automatically exchange information in 2017⁷, although some also use other legal bases for exchange.⁸

26. As for the required administrative agreement setting out the detail of the exchanges, all early adopters signed the MCAA.

**All 2017
jurisdictions
participating in
the Convention
and the MCAA**

3.2. Activating and operationalising the 2017 exchanges

3.2.1. Activation of the international agreements

27. As set out above, each bilateral exchange relationship under the MCAA must be activated. There was widespread activation of the MCAA amongst all the early adopter jurisdictions. Active exchange relationships were also established through the European Directive on Administrative

**98% of exchange
relationships were
activated**

⁷ While Bulgaria was technically late to ratify the Multilateral Convention for 2017 exchanges, it already had a legal framework in place for 2017 exchanges in the European Union. It also deposited a declaration under the Multilateral Convention allowing it to be used for AEOI earlier than it otherwise would come into effect, where an exchange partner agrees.

⁸ The Multilateral Convention does not apply for exchanges in all cases, including for exchanges within the European Union and for exchanges between certain territories. Exchanges within the European Union are conducted under the European Directive on Administrative Cooperation, which implements the AEOI Standard within the European Union, exchanges between Liechtenstein and Member States of the European Union are conducted under the European Union’s 3rd country agreement delivering equivalent exchange, and exchanges between Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Guernsey, the Isle of Man, Jersey, Montserrat, the Turks and Caicos Islands and the United Kingdom take place under bilateral arrangements where they are in place as the Multilateral Convention cannot be used for exchanges between them.

Cooperation, which implements the AEOI Standard within the European Union and through some bilateral agreements (i.e. essentially in the cases where the Convention does not apply). In total, among the early adopters, 98% of the potential exchange relationships were activated⁹. There were some bilateral agreements that were not in place between jurisdictions that are unable to exchange under the Multilateral Convention.

3.2.2. Operationalising the exchanges

28. All the early adopter jurisdictions signed on to the CTS¹⁰ and most successfully exchanged information using it.

29. There were, however, a few delays to the exchanges themselves. There were some minor delays for technical reasons, and a few more significant postponements in some Caribbean jurisdictions due to the devastation caused by the recent hurricanes. The jurisdictions impacted nevertheless intend to transmit the data as soon as possible.

**100% signed
on to the CTS,
although some
minor delays**

3.3. Conclusions in relation to 2017 exchanges

30. The monitoring results in relation to those that commenced exchanges this year essentially show the full delivery of each aspect of the commitments made, including collecting the data domestically and ensuring its widespread exchange internationally.

31. The devastation caused by the hurricanes in the Caribbean understandably resulted in delays in some jurisdictions, each of which will nevertheless transmit the relevant data as soon as possible.

⁹ The potential relationships exclude the possibility for exchange relationships between any two jurisdictions exchanging information on a non-reciprocal basis.

¹⁰ Note that exchanges between European Union Member States occur through the European Union's data transmission system, which links to the CTS for exchanges between European Union Member States and jurisdictions not in the European Union.

Part IV. The delivery of the exchanges in 2018

Box 3. Expectations in relation to 2018 exchanges

The legal framework for 2018 exchanges

1. The domestic legislative framework should have been in effect from 1 January 2017 (although the Global Forum agreed that jurisdictions could have until 30 June 2017 if needed).
2. The international legal framework should be in place in time for exchanges by the end of September 2018.

Activating and operationalising the exchanges in 2018

1. The international agreements should be activated with each interested appropriate partner in time for exchanges by the end of September 2018.
2. Ultimately the data should be transmitted to partners by the end of September 2018.

Note: While some implementation milestones to deliver exchanges in 2018 have passed, particularly with respect to the domestic legislative framework ensuring data collection, for other areas there is still time to put the necessary elements in place. For example, in many cases there still time to put in place the international legal framework.

4.1. The legal framework for 2018 exchanges

4.1.1. *Timeliness in implementation of the domestic legislative framework*

32. In addition to the 49 jurisdictions that already had the necessary domestic legislative framework in place for 2017 exchanges (and therefore for 2018 exchanges), a further 43 jurisdictions have the domestic legislative framework in place for 2018 exchanges.

33. Urgent action is required by the remaining seven jurisdictions to ensure data is being collected by financial institutions for exchange. Table 2 below shows the current status in relation to the jurisdictions that do not yet have the complete domestic legislative framework in place.

**93% with full domestic laws in place,
7 jurisdictions not collecting information**

Table 2. Jurisdictions without the complete domestic legislative framework in place

	Primary legislation	Secondary legislation/regulations
1. Aruba	Not yet in place	Not yet in place
2. Dominica	Not yet in place	Not yet in place
3. Israel	In place	Not yet in place
4. Qatar	Not yet in place	Not yet in place
5. Russian Federation	Not yet in place*	Not yet in place
6. Sint Maarten	Not yet in place	Not yet in place
7. Trinidad and Tobago	Not yet in place	Not yet in place

* The process in the Russian Federation to put in place the primary legislation is almost complete.

34. Jurisdictions commencing exchanges in 2018 have varying commencement dates for data collection by financial institutions, depending on when they were able to bring into effect their domestic legislative frameworks. For 54% of those commencing exchanges in 2018, the obligation on financial institutions to collect the data on new financial accounts was in place on 1 January 2017 as expected.

35. In recognition of the transitional challenges faced by some jurisdictions, the Global Forum agreed at its 2016 plenary in Tbilisi that, if needed, jurisdictions could have until 30 June 2017 to put the domestic legislative framework in place (meaning new accounts were identified and reported where required for at least the latter half of 2017).

36. Data collection started after 1 January 2017 but before 1 July 2017 in two jurisdictions (Kuwait and Malaysia) and on the 1 July in another 14 jurisdictions (Australia, Bahamas, Bahrain, Canada, Chile, Indonesia, Lebanon, Macao (China), New Zealand, Niue, Pakistan, Panama, Turkey and Vanuatu). Finally, the seven jurisdictions mentioned in Table 2 above still do not have the requirements in force.

4.1.2. The scope of data collection

37. While, similarly to those that commenced exchanges in 2017, most jurisdictions commencing exchanges in 2018 have required financial institutions to collect data with respect to a wide category of persons, e.g. all non-residents (i.e. the so called “wider approach”), or jurisdictions, e.g. all those committed to exchanging information in 2017 or 2018, some have also required their financial institutions to collect data for tax residents of a specified list of jurisdictions.

38. Table 3 below shows all those jurisdictions (whether commencing exchanges in 2017 or 2018) that have a list for data collection for 2018 exchanges which does not include all those committed to implement the AEOI Standard in 2017 or 2018.

**Laws deliver
90% coverage
in data
collection,
but some gaps**

Table 3. Numbers of partners for which data is being collected for 2018 exchange compared to the total number of jurisdictions committed to exchanging in 2017 or 2018 – jurisdictions not shown collect data for all others

	Number of partners for which data is being collected for 2018 exchange
1. Latvia	85/86
2. Netherlands	84/86
3. Iceland	81/86
4. Kuwait	80/86*
5. Portugal	80/86
6. Croatia	79/86*
7. Korea	79/86*
8. Czech Republic	77/86*
9. Barbados	76/86
10. Slovak Republic	72/86*
11. Hong Kong, China	70/86
12. Liechtenstein	55/86**
13. Austria	52/86
14. Switzerland	38/86***
15. Andorra	29/86****

Note: The total shown is 86 of the 99 jurisdictions that committed after being asked to do so. This is because 12 jurisdictions are exchanging information non-reciprocally (so will send but not receive information) and one jurisdiction is the collecting jurisdiction itself. Data is therefore not required to be collected with respect to these jurisdictions.

* It is possible the data collection numbers could change as they are based on the number of international agreements in place.

** The Liechtenstein Parliament has approved the collection of information with respect to an additional 27 partners for exchanges in 2019.

*** Switzerland has already publically announced its intention to collect information with respect to an additional 43 partners for exchanges in 2019.

**** It is expected that by the end of November 2017 Andorra's Parliament will approve a new list for data collection for 2018 exchanges with a total of 40 jurisdictions included, and then by the end of 2017, will approve an approach for 2019 exchanges based on data collection of tax residents of all foreign jurisdictions.

39. There are various reasons why data is not being collected for 2018 exchanges with respect to particular jurisdictions. Some potential partners may not be interested in receiving information, others may have lengthy domestic processes so have been unable to put in place the domestic or international legal frameworks in time and others may need time to ensure they meet the required standards on confidentiality and data safeguards before receiving information.

40. Ultimately, exchanges should take place with all interested appropriate partners so jurisdictions need to keep their data collection lists under review to ensure the commitment is being delivered.

4.1.3. *The completeness of the international legal framework*

41. While some jurisdictions still do not have the complete international legal framework in place to exchange information in 2018, there is still time to do so, although timelines are getting tighter.

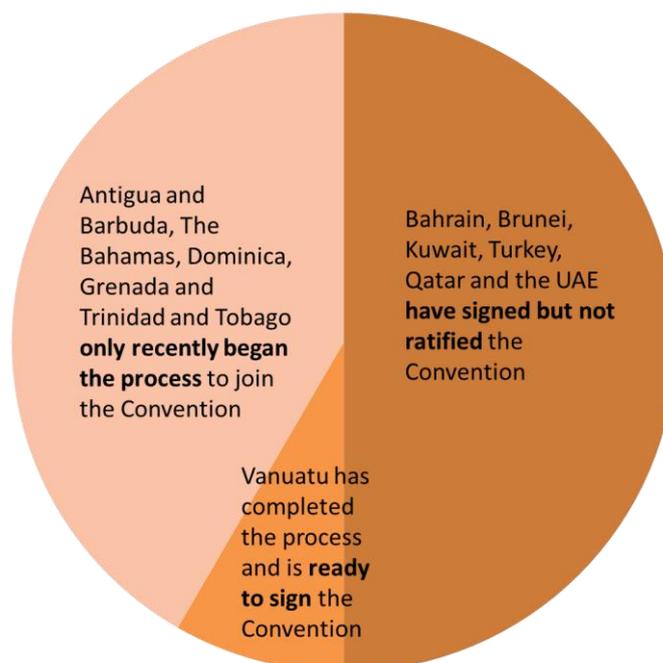
42. In total, 85% of the jurisdictions exchanging information in 2018 (which includes those that exchanged information in 2017) have both the Convention and the MCAA in place ready for exchange.

85% with the full international legal framework
15% in progress or delayed

The Convention

43. Of the 15% that are either in progress or facing delays in putting in place the necessary international legal framework, the delays largely relate to joining the Multilateral Convention (which can be a lengthy process). Figure 1 below shows the current status of those jurisdictions that have taken steps to join the Multilateral Convention but for which the process has not been completed, so it has not been brought into force (without which the MCAA also cannot be activated).

Figure 1. Progress in joining the Convention



44. The two remaining jurisdictions, Hong Kong (China) and Macau (China), originally planned to implement the AEOI Standard through bilateral agreements. To date Hong Kong (China) and Macau (China) have around 20 and 2 underlying legal bases for AEOI respectively. China agreed in principle to extend the Multilateral Convention to

both of the regions in order to facilitate them taking the multilateral approach in time for 2018 exchanges. Pending completion of the extension of the Multilateral Convention, Hong Kong (China) continues to negotiate bilateral Competent Authority Agreements to implement the AEOI Standard with interested appropriate partners.

The MCAA

45. With respect to the MCAA, which relies on the Multilateral Convention being in force and is the multilateral route to agree the details of the exchanges themselves, almost all of those commencing exchanges in 2018 have chosen to sign it. The 42 jurisdictions commencing exchanges in 2018 have already done so (consisting of all those not pursuing the bilateral route, except Dominica, Trinidad and Tobago and Vanuatu).

46. Some jurisdictions have decided to instead put in place bilateral agreements rather than signing the MCAA. While there is still time to complete the putting in place of these agreements, progress has been slow. Table 4 below shows the current status of the bilateral administrative agreements for those jurisdictions not currently planning to sign the MCAA. (Note: As mentioned above, China has agreed in principle to extend the Multilateral Convention to both Hong Kong (China) and Macau (China), which would allow the MCAA to be used for exchange.)

Table 4. Current numbers of administrative agreements of jurisdictions not currently adopting the multilateral approach

	Agreements signed	Agreements activated
1. The Bahamas	0	0
2. Brunei	0	0
3. Hong Kong (China)	15	5
4. Macau (China)	0	0
5. Panama	5	0

4.2. Activating and operationalising the 2018 exchanges

4.2.1 Activation of the international agreements

47. Once signed, the next step is to activate the bilateral exchange relationships under the MCAA. In total, for all the possible relationships for exchanges in 2018, only 48% have so far been activated (this includes those that commenced exchanges in 2017).

**48% of possible
2018 exchange
relationships
activated**

48. While there is still time for further activations to take place, these need to be prioritised. This includes completing the necessary preliminary steps prior to activation. Even amongst those that have signed the MCAA, some must take further steps before it can be activated. Five jurisdictions must wait for the Multilateral Convention to enter into force before activating the MCAA.¹¹ Five jurisdictions must first put in place their

¹¹ Antigua and Barbuda, Bahrain, Grenada, Turkey and the UAE

domestic legislative framework implementing the AEOI Standard.¹² The rest of those that have not yet put in place the domestic legislative framework have also not yet signed the MCAA.¹³

4.2.2. Operationalising the exchanges

49. Even though the exchanges will not take place until September 2018, the on-boarding process in relation to the CTS has begun and half of the jurisdictions commencing exchanges in 2018 have already formally signed on to the CTS. The others are expected to follow soon. Testing will take place to ensure that the jurisdictions' systems are able to properly link into the CTS and are ready for data transmissions.

**50% of 2018
jurisdictions
already signed
on to the CTS,
others to
follow shortly**

4.3. Conclusions

50. The monitoring results in relation to those committed to exchanging information in 2018 show that while many jurisdictions are on track, with the domestic laws in place and with time left to finalise the complete international legal framework, there are a certain number that have missed key milestones and that have a challenging timeline in order to deliver on the commitment made.

51. Those putting in place bilateral agreements also face particular risks with regard to the successful delivery of their commitments given the lengthy timelines to do so.

52. The Global Forum will continue to closely monitor the delivery by jurisdictions of their commitments, including in relation to the further activations of the international legal framework.

¹² Aruba, Israel, Russia and Sint Maarten

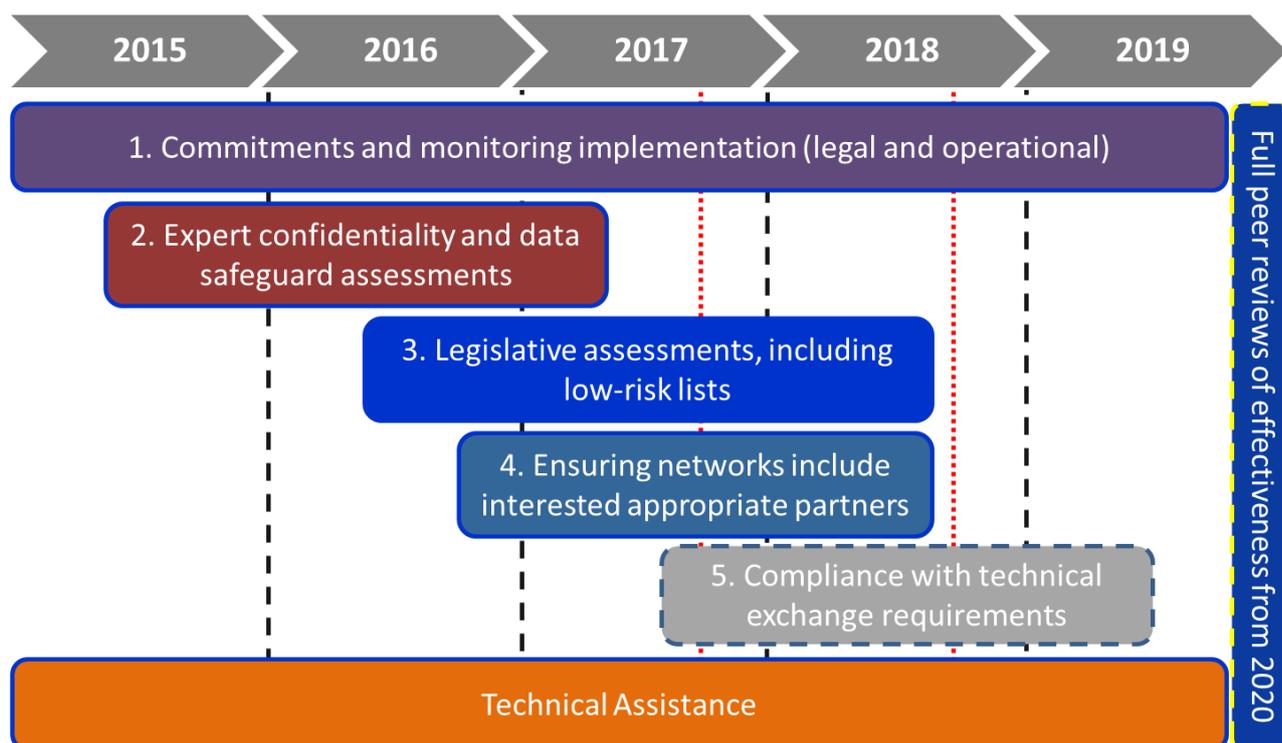
¹³ Dominica, Trinidad and Tobago and Vanuatu

Annex A. The Staged Approach

Monitoring, assessing and supporting the implementation of the AEOI Standard

1. In recognition that full reviews of the effectiveness of the implementation of the AEOI Standard could only take place once exchanges are taking place, the Global Forum put in place a “Staged Approach” to monitor, assess and assist in the implementation of the AEOI Standard.
2. Laying at the centre of the approach is the identification of the key areas of the implementation of the AEOI Standard. These can be monitored or assessed in advance of exchanges taking place, to identify and address any issues early on and to help ensure effective implementation from the start.
3. Outlined in Figure 2 below is each module of the Staged Approach. These are described in further detail below.

Figure 2. The Staged Approach



1. **Commitments and monitoring implementation** – Various key implementation areas are tracked through the requirement for members to provide regular updates to the Global Forum on their progress. This also allows the identification of assistance needs, on domestic legislation, international agreements, information technology systems and administrative infrastructure. The results of this process have been used to provide regular internal monitoring reports to Global Forum members and the G20, as well as to produce this report.

2. **Expert confidentiality and data safeguard assessments** – Each jurisdiction is assessed by a panel of experts from member jurisdictions in relation to the confidentiality and data safeguard standards to ensure they meet the requirements prior to the jurisdiction receiving information. Assistance is provided where necessary. All those jurisdictions exchanging information in 2017, and almost all of those exchanging in 2018, have already been assessed.
3. **Legislative assessments, including low-risk lists** – Before exchanges, the domestic legislative frameworks that have been put in place are also being reviewed. A peer review process of legislative gap analysis is undertaken to ensure all the key elements of the AEOI Standard are reflected in each jurisdiction’s domestic legal framework. A third of the assessments have been completed and the rest are due to be completed in the next 12 months. This includes the assessment of each jurisdiction’s specific lists of non-reporting financial institutions and excluded accounts to ensure their conformity with the AEOI Standard. Where gaps are found then recommendations are made.
4. **Ensuring networks include interested appropriate partners** – Each commitment to implement the AEOI Standard includes a commitment to exchange information with “all Interested Appropriate Partners”. The Global Forum has a process to monitor the putting in place of exchange agreements between partners, to facilitate further agreements where partners are interested, and a peer review process to determine how to address any gaps.
5. **Compliance with the technical exchange requirements** – Each jurisdiction’s technical readiness to exchange will also be checked as part of the last module of the Staged Approach. It will shortly be put in place.
6. **Technical assistance** – Meanwhile, throughout the implementation period, the Global Forum has been providing technical assistance where needed.
7. **Full reviews of the effectiveness of the implementation of the AEOI Standard** – Ultimately, the Staged Approach should be completed in 2018 and from 2020 it should also be possible to commence full peer reviews of effectiveness as exchanges will already have been taking place. The Global Forum is therefore commencing the detailed work to develop the Terms of Reference and Methodology for the full reviews of the implementation of the AEOI Standard.

